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THE CANADIAN BANK OF COMMERCE

ANNUAL REPORT

TO WHICH IS APPENDED

A REVIEW OF BUSINESS CONDITIONS

DURING THE YEAR 1916

30th NOVEMBER, 1916

THE CANADIAN BANK
OF COMMERCE

ANNUAL REPORT

30TH NOVEMBER, 1916



THE CANADIAN BANK OF COMMERCE

CAPITAL PAID-UP - - - - - \$15,000,000
 REST - - - - - 13,500,000

DIRECTORS

SIR EDMUND WALKER, C.V.O., LL.D., D.C.L. - - - PRESIDENT
 Z. A. LASH, Esq., K.C., LL.D. - - - - - VICE-PRESIDENT

JOHN HOSKIN, Esq., K.C., LL.D., D.C.L.	G. F. GALT, Esq.
J. W. FLAVELLE, Esq., LL.D.	WM. FARWELL, Esq., D.C.L.
A. KINGMAN, Esq.	A. C. FLUMERFELT, Esq.
HON. SIR LYMAN MELVIN JONES	GEO. G. FOSTER, Esq., K.C.
HON. W. C. EDWARDS	CHAS. COLBY, Esq., M.A., Ph.D.
E. R. WOOD, Esq.	G. W. ALLAN, Esq., K.C.
ROBERT STUART, Esq.	H. J. FULLER, Esq.
SIR JOHN MORISON GIBSON, K.C.M.G., K.C., LL.D.	F. P. JONES, Esq.
	H. C. COX, Esq.

LONDON COMMITTEE

WILLIAM C. WARD, Esq., Chairman
 HENRY J. GARDINER, Esq.

HALIFAX COMMITTEE

H. N. WALLACE, Esq., Chairman
 C. W. ANDERSON, Esq. W. J. G. THOMSON, Esq.
 JOHN MACNAB, Esq.

SHERBROOKE COMMITTEE

WM. FARWELL, Esq., D.C.L., Chairman
 C. H. KATHAN, Esq. F. N. McCREA, Esq., M.P.
 J. S. MITCHELL, Esq. B. C. HOWARD, Esq.

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE: TORONTO

PRESIDENT - - - - Sir Edmund Walker, C.V.O., LL.D., D.C.L.

GENERAL MANAGER - - - - - John Aird

ASSISTANT GENERAL MANAGER - - - H. V. F. Jones

SUPERINTENDENT OF BRANCHES - - - A. H. Ireland

SUPERINTENDENT OF PACIFIC COAST BRANCHES - - H. H. Morris

SUPERINTENDENT OF CENTRAL WESTERN BRANCHES V. C. Brown

SUPERINTENDENT OF EASTERN TOWNSHIPS BRANCHES

E. L. Stewart Patterson

CHIEF INSPECTOR - - - - - R. A. Rumsey

INSPECTORS

Wm. Hogg, W. Spier, F. B. Francis, A. G. Campbell,
C. L. Foster, J. B. Corbet.

ASSISTANT INSPECTORS

E. C. Grundy, E. E. Henderson, B. P. Alley, W. P. Rapley,
D. B. Falkner, G. F. Parton, W. Hastie, D. Clarkson.

AUDITOR

D. G. Kennedy.

SUPERVISOR OF BANKING ACCOUNTS AND EXCHANGES - T. F. Aspden.

SUPERVISOR OF BANK PREMISES - - - - - Duncan Donald

SECRETARY - - - - - A. St. L. Trigge

ASSISTANT SECRETARY - - - - - P. H. Nowers

BRANCHES

BRITISH COLUMBIA AND YUKON—

CHILLIWACK	K. V. MUNRO	Manager
COURTENAY	F. C. BROCK	"
CRANBROOK	J. M. CHRISTIE	"
CRESTON	C. G. BENNETT	"
CUMBERLAND	A. J. BURNSIDE	"
DAWSON, YUKON	T. S. LEITCH	"
DUNCAN	A. J. MARLOW	"
FERNIE	P. B. FOWLER	"
GOLDEN	N. M. FOULKES	"
GRAND FORKS	C. H. NILES	"
GREENWOOD	H. C. B. LUCAS	"
KAMLOOPS	G. S. HOLT	"
KELOWNA	J. A. FORSTER	"
KEREMEOS	E. F. CORBET	Act. Mgr.
LADYSMITH	G. A. BONNALLIE	Manager
MISSION CITY	W. H. MATHEWSON	"
NAKUSP	W. M. BLACKSTOCK	Pro. Mgr.
NANAIMO	E. H. BIRD	Manager
NELSON	L. A. S. DACK	"
NEW WESTMINSTER	H. R. DAVIDSON	"
PARKSVILLE	H. T. NEWMARCH	"
PENTICTON	THOMAS ANDREWS	"
POUCE COUPE	W. R. CRUIKSHANK	Act. Mgr.
PHOENIX	R. TAYLOR	"
PRINCE RUPERT	L. M. DE GEX	Manager
PRINCETON	J. D. ANDRAS	"
REVELSTOKE	W. J. COULTHARD	"
SALMON ARM	F. W. HEATHCOTE	"
SOUTH HILL	P. S. WOOD	"
VANCOUVER	{ G. V. HOLT	"
	{ A. C. STEVEN	Asst. Mgr.
Do. COMMERCIAL DRIVE	W. H. JAMES	Manager
Do. EAST	C. W. DURRANT	"
Do. FAIRVIEW	M. NICHOLSON	"
Do. HASTINGS AND CAMBIE	W. H. HARGRAVE	"
Do. KITSILANO	P. GOMERY	"
Do. MOUNT PLEASANT	HUBERT HAINES	"
NORTH VANCOUVER	H. G. PANGMAN	"
Do. POWELL ST.	H. B. GORDON	"
VERNON	J. I. E. CORBET	"
VICTORIA	F. L. CRAWFORD	"
Do. NORTH	H. R. BEAVEN	"
Do. OAK BAY AVE.	E. G. SANFORD	"
WHITE HORSE, YUKON	J. C. NEWMARCH	"

WESTERN PROVINCES—

ADMIRAL, SASK.	E. W. SPURR	Manager
ATHABASCA, ALTA	J. F. FRASER	"
BASSANO, ALTA	R. P. FINDLAY	"
BAWLf, ALTA.	E. L. KENNY	"
BENGOUGH, SASK.	C. J. KYDD	"
BIGGAR, SASK.	S. H. CURRAN	"

BRANCHES—Continued

BLAINE LAKE, SASK.	R. H. WILSON	Manager
BRANDON, MAN.	A. MAYBEE	"
BRIERCREST, SASK.	J. A. SMITH	"
BRODERICK, SASK.	W. S. LONGHURST	"
CALGARY, ALTA.	{ C. G. K. NOURSE	"
Do. EAST	{ E. L. BECK	Asst. Mgr.
Do. FIRST ST. WEST	{ J. A. CLARK	Manager
Do. MOUNT ROYAL	{ W. D. LAWSON	"
CANORA, SASK.	K. W. REIKIE	"
CARMAN, MAN.	V. M. DUNLEVIE	"
CARMANGAY, ALTA.	W. G. HAMILTON	"
CENTRAL BUTTE, SASK.	JAMES BLACK	Act. Mgr.
CHAMPION, ALTA.	E. G. OGILVIE	Manager
CLARESHOLM, ALTA.	J. WALKER	"
COLEMAN, ALTA.	WM. BULLOCK	"
CROSSFIELD, ALTA.	S. H. BRAY	"
CUDWORTH, SASK.	F. M. BLACKWOOD	Act. Mgr.
DAUPHIN, MAN.	R. M. McCAUL	Manager
DELIA, ALTA.	A. M. STARRATT	"
DELISLE, SASK.	C. S. FREEMAN	"
DRINKWATER, SASK.	D. I. FORBES	"
EDAM, SASK.	A. R. GRAHAM	"
EDMONTON, ALTA.	T. M. TURNBULL	"
Do. STRATHCONA	R. B. BUCHANAN	"
ELBOW, SASK.	M. MACPHERSON	"
ELFROS, SASK.	H. S. BRUCE	"
ELGIN, MAN.	W. E. D. FARMER	"
ELKHORN, MAN.	R. H. BROTHERHOOD	"
GILBERT PLAINS, MAN.	C. B. NARRAWAY	"
GLEICHEN, ALTA.	JAMES CAMERON	"
GRANDVIEW, MAN.	A. W. CHAMBERS	"
GRANUM, ALTA.	F. W. WEST	"
HAFFORD, SASK.	J. C. RIDDELL	"
HANNA, ALTA.	A. F. GARLAND	"
HARDISTY, ALTA.	F. E. HAWLEY	"
HAWARDEN, SASK.	C. L. WHITBY	"
HERBERT, SASK.	C. L. MILES	"
HIGH RIVER, ALTA.	A. G. VERCHÈRE	"
HUMBOLDT, SASK.	A. F. McCONKEY	"
INNISFAIL, ALTA.	F. J. MACOUN	"
INNISFREE, ALTA.	F. S. BEATTIE	Act. Mgr.
KAMSACK, SASK.	A. HAMILTON	Manager
KERROBERT, SASK.	W. D. ELLIOT	"
KINCAID, SASK.	A. F. McCALLUM	Act. Mgr.
KINDERSLEY, SASK.	W. V. GORDON	Manager
KITSCOTY, ALTA.	E. MASON	Act. Mgr.
LAKE SASKATOON, ALTA.	A. W. PENTLAND	Manager
LANGHAM, SASK.	J. D. BURPEE	"
LANIGAN, SASK.	G. G. SUTHERLAND	"
LASHBURN, SASK.	L. CUTHBERT	"
LETHBRIDGE, ALTA.	R. T. BRYMNER	"
LEWVAN, SASK.	R. M. TUCKER	Act. Mgr.

BRANCHES—Continued

LLOYDMINSTER, SASK.	A. J. MAYNARD	Manager
LOUGHEED, ALTA.	H. R. MAIN	"
MACLEOD, ALTA.	H. G. HURLBURT	"
MANYBERRIES, ALTA.	J. F. BERRY	"
MARCELIN, SASK.	K. G. NOURSE	"
MEDICINE HAT, ALTA.	W. G. LYNCH	"
MELFORT, SASK.	J. T. BEATTIE	"
MELVILLE, SASK.	A. W. WHITE	"
MILESTONE, SASK.	L. G. CROZIER	"
MILK RIVER, ALTA.	A. GORDON	"
MONITOR, ALTA.	W. H. MARTIN	"
MOOSEJAW, SASK.	H. M. STEWART	"
MOOSOMIN, SASK.	B. L. BROWN	"
MORSE, SASK.	F. H. ADAMSON	"
NANTON, ALTA.	A. L. JENSEN	"
NEEPAWA, MAN.	H. L. WETHEY	"
NOKOMIS, SASK.	M. ST. C. MCLEAN	"
NORTH BATTLEFORD, SASK.	W. HILBORN	"
NUTANA, SASK.	L. E. GRIFFITH	"
OLDS, ALTA.	R. N. AYLWARD	"
PEACE RIVER, ALTA.	ALLAN MCKENZIE	"
PINCHER CREEK, ALTA.	F. L. RHODES	"
PONOKA, ALTA.	G. E. CLARKE	"
PORTAGE LA PRAIRIE, MAN.	D. H. DOWNIE	"
PRINCE ALBERT, SASK.	E. A. FOX	"
PROVOST, ALTA.	W. W. ORR	"
RADISSON, SASK.	C. PADLEY	"
RADVILLE, SASK.	W. M. MCKIE	"
RED DEER, ALTA.	F. C. WHITEHOUSE	"
REGINA, SASK.	A. W. RIDOUT	"
RETLAW, ALTA.	F. A. STUART	"
RIVERHURST, SASK.	KN. JORGENSEN	Act. Mgr.
RIVERS, MAN.	M. R. COMPLIN	Manager
ROCKYFORD, ALTA.	J. H. EAKIN	"
SASKATOON, SASK.	W. P. KIRKPATRICK	"
SHAUNAVON, SASK.	WM. KIDD	"
SHELLBROOK, SASK.	G. W. SUTHERLAND	"
STAVELY, ALTA.	HENRY S. OATS	"
STONY PLAIN, ALTA.	C. G. LEWIS	"
SWAN RIVER, MAN.	G. H. WINSTANLEY	"
SWIFT CURRENT, SASK.	W. J. SAVAGE	"
TABER, ALTA.	GEO. E. EWING	"
THE PAS, MAN.	G. H. WATSON	"
TRANSCONA, MAN.	R. C. HAYWARD	"
TREHERNE, MAN.	R. P. MORRISON	"
TUGASKE, SASK.	C. W. COCHLAN	"
TURTLEFORD, SASK.	G. M. SHARPE	Act. Mgr.
VEGREVILLE, ALTA.	H. H. HAMMER	Manager
VERMILION, ALTA.	A. J. REYNOLDS	"
VIRDEN, MAN.	W. T. WHITE	"
VONDA, SASK.	G. L. NASH	"
VULCAN, ALTA.	M. L. GORDON	"
WADENA, SASK.	J. B. SMITH	"

BRANCHES—Continued

WARNER, ALTA.	J. H. S. GORDON	Actg. Mgr.
WATROUS, SASK.	H. H. LOWE	Manager
WATSON, SASK.	A. H. MARCON	"
WETASKIWIN, ALTA	R. N. SHAW	"
WEYBURN, SASK.	H. J. NEALE	"
WILCOX, SASK.	R. W. WINFIELD	"
WILLOW BUNCH, SASK.	R. G. ADAMS	"
WINNIPEG, MAN.	{ C. W. ROWLEY.	"
Do. ALEXANDER AVE.	{ C. GORDON.	Asst. Mgr.
Do. BLAKE STREET	D. H. GORDON.	Manager
Do. ELMWOOD	L. W. NEWSOM.	Pro. Mgr.
Do. FORT ROUGE	D. H. TOLMIE	Manager
Do. KELVIN STREET	H. O. SHURTLEFF	"
Do. NORTH	D. H. TOLMIE	"
Do. PORTAGE AVE..	C. F. A. GREGORY.	"
WISETON, SASK.	G. M. PATTERSON.	"
YELLOWGRASS, SASK.	J. V. STEEL.	"
YORKTON, SASK.	D. M. KYDD	"
YOUNGSTOWN, ALTA.	C. A. MERCER	"
	W. BARRY	"

SUB-AGENCIES

	Sub-Agency to	Open for business
BIRCH HILLS, SASK.	Prince Albert	Tues. and Wed.
RICHARD, SASK.	N. Battleford	Wed. and Thur.
SPEERS, SASK.	Hafford	Wed. and Thur.

ONTARIO—

AYR	C. MURRAY STEWART.	Manager
BARRIE.	L. F. CROSS	"
BELLEVILLE	C. M. STORK	"
BLENHEIM.	O. F. ANDERSON	"
BRANTFORD	H. W. FITTON	"
BROCKVILLE	W. H. COLLINS.	"
CAYUGA	J. C. MUNRO	"
CHATHAM	J. SIMON	"
COBALT.	H. G. MATHEWSON	"
COLLINGWOOD	J. McE. MURRAY	"
CORNWALL	A. E. CURRIE	"
CREDITON	S. M. JOHNSTON	"
DRESDEN	W. T. GERALD.	"
DUNDAS	S. N. MOFFAT	"
DUNNVILLE	G. E. PARKES	"
EMO.	A. F. TURNER.	"
EXETER	A. E. KUHN	"
FORD.	W. J. McHUGH	"
FOREST.	W. J. F. ROSS.	"
FORT FRANCES	A. F. TURNER	"
FORT WILLIAM	R. M. SAUNDERS	"
GALT	C. E. A. DOWLER	"
GODERICH.	G. WILLIAMS	"

BRANCHES—Continued

GRIMSBY	G. L. WAUGH	Manager
GUELPH.	J. M. DUFF.	"
HAMILTON.	D. B. DEWAR.	"
INGERSOLL	W. C. JOHNSTON	"
KINGSTON.	P. C. STEVENSON	"
KITCHENER	G. M. WEDD	"
LINDSAY	E. M. LOCKIE	"
LONDON	A. D. MCLEAN.	"
MADOC	A. Y. SNIDER	"
NIAGARA FALLS.	C. BALLARD	"
ORANGEVILLE	T. S. LITTLE	"
OSHAWA	J. H. DENT.	"
OTTAWA	M. D. HAMILTON	"
Do. BANK STREET	H. A. HOLMES	"
PARIS	R. C. MACPHERSON	"
PARKHILL.	T. L. ROGERS	"
PARRY SOUND	H. C. STRANGE.	"
PETERBORO	W. H. DUNSFORD	"
PORT ARTHUR	A. W. ROBERTS	"
PORT COLBORNE	W. H. PAGET	"
PORT PERRY	C. F. WORRELL	"
RAINY RIVER	F. A. CHAPMAN	"
ST. CATHARINES.	} R. G. W. CONOLLY	"
Do. PAGE AND QUEENSTON		
ST. THOMAS	W. G. WHITESIDE	"
SARNIA	J. L. BUCHAN	"
SAULT STE. MARIE.	} H. C. MORRIS	"
Do. WEST END		
SEAFORTH.	J. G. MULLEN	"
SIMCOE.	W. C. J. KING	"
SMITH'S FALLS	W. C. JAMES	"
STRATFORD	R. T. MUSSEN	"
STRATHROY	J. WALTON	"
SUDBURY	GAVIN SHEARER	"
THEDFORD	J. FULLER	"
THOROLD	S. H. FALKNER	"
TILLSONBURG	J. H. MORRISON	"
TIMMINS	J. P. TAILLON	"
TORONTO	D. A. CAMERON	"
	E. P. GOWER	Asst. Mgr.
	G. G. LAIRD	"
Do. BLOOR AND DUFFERIN	J. L. HUBBELL.	Manager
Do. BLOOR AND LIPPINCOTT	W. C. T. MORSON	"
Do. BLOOR AND YONGE	JAMES BRYDON.	"
Do. COLLEGE AND DOVERCOURT.	E. C. PRINGLE	"
Do. DANFORTH AND BROADVIEW.	E. R. JARVIS	"
Do. EARLSCOURT	C. E. JOHNSON	"
Do. GERRARD AND PAPE.	N. ST. B. YOUNG	"
Do. MARKET	T. A. CHISHOLM	"
	J. V. R. PORTEOUS	Asst. Mgr.
Do. PARKDALE	W. A. COOKE	Manager
Do. PARLIAMENT STREET.	A. H. CREASE	"
Do. QUEEN AND BATHURST.	H. POLSON	"

BRANCHES—Continued

TORONTO, QUEEN EAST	D. DAVIES	Manager
Do. SPADINA AND COLLEGE.	H. F. D. SEWELL	"
Do. WEST TORONTO	J. B. McCUAIG.	"
Do. WYCHWOOD.	G. B. MUNRO	"
Do. YONGE AND COLLEGE	G. C. T. PEMBERTON	"
Do. YONGE AND QUEEN	R. W. H. KING	"
WALKERTON	H. M. LAY	"
WALKERVILLE.	H. B. PARSONS.	"
WATERLOO	R. H. EDMONDS	"
WIARTON	A. E. JACKSON.	"
WINDSOR	A. E. TAYLER	"
WINGHAM	REG. S. WILLIAMS	"
WOODSTOCK	G. A. HOLLAND	"

SUB-AGENCIES

	Sub-Agency to	Open for business
BELGRAVE	Wingham	Tues., Thur. and Sat.
CAMLACHIE	Forest	Tues. and Thur.
SCHUMACHER	Timmins	Mon. and Thur. 5 to 6 p.m.

QUEBEC—

ACTON VALE	A. L. DESSERT.	Manager
ASBESTOS	J. LEMAY	Act. Mgr.
AYER'S CLIFF.	F. A. JOHNSTON	Manager
BEDFORD	A. S. McCAW	"
BEEBE	H. G. KIRWIN	"
BELOEIL	A. M. BRODEUR	"
BISHOP'S CROSSING	G. S. NUNNS	Pro. Mgr.
CLARENCEVILLE	F. L. NUNNS	Manager
COATICOOK	L. M. THOMAS.	"
COMPTON	L. M. THOMAS.	"
COOKSHIRE	W. E. LEARNED	"
COWANSVILLE	F. E. KERRIDGE	"
DANVILLE.	L. P. BISHOP	"
DRUMMONDVILLE	E. R. TANNER	"
DUNHAM	F. E. KERRIDGE	"
EAST ANGUS	D. H. PARMELEE	"
EASTMAN	CY. COUET	Act. Mgr.
FARNHAM	ARTHUR GUAY	Manager
FRELIGHSBURG	M. R. WHITCOMB	Act. Mgr.
GRANBY	A. C. SMITH	Manager
HEMMINGFORD.	P. H. M. SOMERVILLE.	"
HOWICK	A. B. ASTLE	"
HUNTINGDON	C. W. THOMAS.	"
JOLIETTE	H. E. TEMPLE	"
KNOWLTON	F. A. MORGAN.	"
LACOLLE	E. A. CHADSEY.	"
LENNOXVILLE	L. G. T. LYNCH	"
MAGOG	H. A. C. SCARTH	"
MANSONVILLE	K. R. TURNER.	"
MARBLETON	W. E. HETHERINGTON.	"
MARIEVILLE	J. C. R. MARCHAND	"

BRANCHES—Continued

MEGANTIC	G. M. THOMPSON	Manager
MONTREAL	{ H. B. WALKER F. M. GIBSON	" Asst. Mgr.
Do. CRESCENT AND ST. CATHER- INE	M. A. MACFARLANE	Manager
Do. MAISONNEUVE	E. H. CARTER	"
Do. PRINCE ARTHUR AND PARK	A. C. TURNER	"
Do. ST. CATHERINE & CITY HALL	W. E. MOREHOUSE	"
Do. ST. CATHERINE AND MET- CALFE	D. McLENNAN	"
NORTH HATLEY	A. R. VIRGIN	Pro. Mgr.
ORMSTOWN	N. H. SLACK	Manager
POINTE AUX TREMBLES	S. A. FORBES	"
QUEBEC	J. MACLOUGHLIN	"
Do. UPPER TOWN	G. L. DOAK	"
RICHMOND	A. S. RAIMBACH	"
RIMOUSKI	W. CLOUTIER	"
ROCK ISLAND	J. M. O'HALLORAN	"
ROXTON FALLS	J. M. RENÉ DE COTRÊT	Pro. Mgr.
ST. CHRYSOSTOME	C. W. HAWLEY	Manager
ST. FELIX DE VALOIS	J. A. PARENT	"
ST. FERDINAND D'HALIFAX	A. E. WARD	"
ST. GABRIEL DE BRANDON	J. R. BOIVIN	"
ST. GEORGE, BEAUCE	C. A. TUCKER	"
ST. HYACINTHE	J. LAFRAMBOISE	"
ST. JOHNS	G. C. BORIGHT	"
ST. JOSEPH DE BEAUCE	E. DUMOULIN	"
SCOTSTOWN	C. E. SOLES	"
SHERBROOKE	{ E. W. FARWELL A. P. TAYLOR	" Asst. Mgr.
Do. UPPER TOWN	N. F. DINNING	Manager
Do. WELLINGTON ST.	F. A. BRIGGS	"
STANBRIDGE EAST	G. D. HARVEY	"
SUTTON	T. W. JUDD	"
THETFORD MINES	J. H. DOAK	"
THREE RIVERS	E. W. MORGAN	"
VALCOURT	L. P. BOURGOING	"
WATERLOO	J. E. THOMPSON	"
WATERVILLE	J. T. THOMAS	"
WEEDON	C. L. LA BONTÉ	Pro. Mgr.
WEST SHEFFORD	H. E. GREEN	Manager
WINDSOR	J. I. McCABE	"

SUB-AGENCIES

	Sub-Agency to	Open for business
BIC	Rimouski	Daily
BROME	Knowlton	Tues. and Fri.
CHAMBLY	Marleville	Daily
COMPTON	Coaticook	Daily
DIXVILLE	Coaticook	Friday
EAST HATLEY	Ayer's Cliff	Tues., 10 to 12
GLEN SUTTON	Mansonville	Wednesday

BRANCHES—Continued.

IBERVILLE	St. Johns	Daily
PHILIPSBURG	Bedford. Mon. and Thur., 2 to 4	
ST. ARMAND STATION	Bedford. Mon. and Thur., 10 to 12	
STANSTEAD	Rock Island	Daily
THETFORD MINES WEST	Thetford Mines	Daily

MARITIME PROVINCES—

ALBERTON, P.E.I.	W. C. LAWSON.	Manager
AMHERST, N.S.	W. H. LUGSDIN	"
ANTIGONISH, N.S.	W. H. HARRISON	"
BARRINGTON, N.S.	F. W. HOMER	"
BRIDGEWATER, N.S.	T. W. MAGEE	"
CAMPBELLTON, N.B.	J. L. CLAXTON.	"
CHARLOTTETOWN, P.E.I.	G. W. HARRISON	"
FREDERICTON, N.B.	F. W. DE MILLE	"
HALIFAX, N.S.	D. MACGILLIVRAY.	"
MIDDLETON, N.S.	C. N. ROOP.	"
MONCTON, N.B.	H. J. WHITE	"
MONTAGUE, P.E.I.	L. H. COFFIN	"
NEW GLASGOW, N.S.	B. DE VEEB.	"
PARRSBORO, N.S.	J. R. HARRISON	"
ST. JOHN, N.B.	C. W. HALLAMORE.	"
SHELBURNE, N.S.	E. B. WALKER.	"
SOURIS P.E.I.	E. P. STAVERT.	"
SPRINGHILL, N.S.	J. H. ROBERTSON.	"
SUMMERSIDE, P.E.I.	C. HENSLEY	"
SYDNEY, N.S.	J. H. MCQUAID	"
TRURO N.S.	C. W. MONTGOMERY	"
WINDSOR, N.S.	J. A. RUSSELL.	"

SUB-AGENCY

HANTSPORT	Sub. Agency to Windsor	Open for business Mon., Wed. and Fri.
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NEWFOUNDLAND—

ST. JOHN'S	S. H. LOGAN	Manager
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UNITED STATES—

NEW YORK, N.Y.	{ J. P. BELL J. A. C. KEMP }	Agents
PORTLAND, ORE.	F. C. MALPAS	Manager
SAN FRANCISCO, CAL.	{ G. W. B. HEATHCOTE A. A. WILSON }	Asst. Mgr.
SEATTLE, WASH.	E. B. IRELAND.	Manager

GREAT BRITAIN—

LONDON, 2 Lombard Street, E.C.		
C. CAMBIE		Manager
A. R. PHIPPS		Asst. Mgr

MEXICO—

MEXICO, Avenida San Francisco No. 50		
D. MUIRHEAD		Manager

THE CANADIAN BANK OF COMMERCE

[For the convenience of Shareholders on the London Register, the Profit and Loss Account and the Balance Sheet are here given in Sterling, at the par of Exchange.]

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING 30TH NOVEMBER, 1916

Balance at credit of Profit and Loss Account, brought forward from last year	£ 94,909 7 4
Net profits for the year ending 30th November, after providing for all bad and doubtful debts....	501,249 13 11
	<u>£596,159 1 3</u>

This has been appropriated as follows:

Dividends Nos. 116, 117, 118 and 119, at ten per cent. per annum.....	£308,219 3 7
Bonus of one per cent. payable 1st June.....	30,821 18 4
Bonus of one per cent. payable 1st December....	30,821 18 4
War tax on bank-note circulation to 30th November	30,264 14 6
Transferred to Pension Fund (annual contribution)	16,438 7 2

Subscriptions:

Canadian Patriotic Fund....	£ 10,273 19 5	
British Red Cross Fund.....	1,027 8 0	
British Sailors Relief Fund..	1,027 8 0	
Sundry Subscriptions, includ- ing Northern Ontario Fire Relief Fund and War Hos- pitals, etc.....	2,404 2 2	
		<u>14,732 17 7</u>
Balance carried forward.....		164,860 1 9

£596,159 1 3

GENERAL STATEMENT

30TH NOVEMBER, 1916

LIABILITIES

Notes of the Bank in circulation.....	£ 3,957,400	4	2
Deposits not bearing interest £ 12,839,192	18	7	
Deposits bearing interest, including interest accrued to date.....	34,399,742	8	10
			<hr/>
Balances due to other Banks in Canada.....	47,238,935	7	5
Balances due to Banks and Banking Correspondents elsewhere than in Canada.....	29,037	16	7
Bills payable.....	1,031,893	13	2
Acceptances under Letters of Credit.....	449,350	0	0
	429,994	11	0
			<hr/>
Dividends unpaid.....	£ 53,136,611	12	4
Dividend No. 119 and bonus, payable 1st December	428	4	11
Capital Paid up..... £ 3,082,191	15	8	
Rest Account.....	2,773,972	12	1
Balance of Profits as per Profit and Loss Account..	164,860	1	9
			<hr/>
	6,021,024	9	6
			<hr/>
	£ 59,265,941	1	0

ASSETS

Gold and Silver Coin Current £ 4,310,040	7	6	
Dominion Notes.....	3,968,933	8	6
Deposit in the Central Gold Reserves.....	1,232,876	14	3
			<hr/>
Notes of other Banks..... £ 335,005	9	7	
Cheques on other Banks....	1,986,595	12	6
Balances due by other Banks in Canada.....	285	11	9
Balances due by Banks and Banking Correspondents elsewhere than in Canada.	1,479,821	10	8
			<hr/>
Dominion and Provincial Government Securities, not exceeding market value.....	3,801,708	4	6
British, Foreign and Colonial Public Securities and Canadian Municipal Securities.....	571,635	15	10
Railway and other Bonds, Debentures and Stocks, not exceeding market value.....	3,551,283	5	7
Call and Short Loans (not exceeding 30 days) in Canada on Bonds, Debentures and Stocks....	1,604,889	7	11
Call and Short Loans (not exceeding 30 days) elsewhere than in Canada.....	3,025,712	5	6
Deposit with the Minister of Finance for the purposes of the Circulation Fund.....	4,344,110	2	1
	165,814	12	2
			<hr/>
Carried forward.....	£ 26,577,004	3	10

GENERAL STATEMENT

30TH NOVEMBER, 1916

ASSETS—Continued

Brought forward.....		£ 26,577,004	3	10
Other Current Loans and Discounts in Canada (less rebate of interest).....		27,480,437	18	5
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest).....		3,391,318	16	4
Liabilities of Customers under Letters of Credit, as per contra.....		429,994	11	0
Overdue Debts (estimated loss provided for)....		47,411	19	6
Real Estate other than Bank Premises (including the un- sold balance of former premises of the Eastern Townships Bank).....	£	259,820	4	2
Less mortgage assumed...		20,547	18	11
		239,272	5	3
Mortgages on Real Estate sold by the Bank....		80,016	1	5
Bank Premises at cost, less amounts written off.....	£	1,056,052	17	3
Less mortgage assumed on property purchased....		61,643	16	9
Other Assets not included in the foregoing.....		26,076	4	9
		£ 59,265,941	1	0

B. E. WALKER,
President

JOHN AIRD,
General Manager

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE CANADIAN BANK OF COMMERCE

In accordance with the provisions of sub-sections 19 and 20 of Section 56 of the Bank Act, 1913, we report as follows:

We have audited the above Balance Sheet and compared it with the books and vouchers at Head Office and with the certified returns from the branches. We have obtained all the information and explanations that we have required, and are of the opinion that the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We have checked the cash and verified the securities representing the investments of the Bank at its chief office and principal branches at a date other than and in addition to the verification at 30th November 1916, and found that they were in agreement with the entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

T. HARRY WEBB, C.A.
of Webb, Read, Hegan, Callingham & Co.

JAMES MARWICK, C.A.
of Marwick, Mitchell, Peat & Co.

AUDITORS

GENERAL STATEMENT

30TH NOVEMBER, 1916

LIABILITIES

Notes of the Bank in circulation.....	\$ 19,259,347 68
Deposits not bearing interest.....	\$ 62,484,072 27
Deposits bearing interest, including interest accrued to date.....	167,412,079 88
	<hr/>
Balances due to other Banks in Canada.....	229,896,152 15
Balances due to Banks and Banking Correspondents elsewhere than in Canada.....	141,317 42
Bills payable.....	5,021,882 49
Acceptances under Letters of Credit.....	2,186,836 68
	<hr/>
	2,092,640 13
	<hr/>
	\$ 258,598,176 55
Dividends unpaid.....	2,084 12
Dividend No. 119 and bonus, payable 1st December	525,000 00
Capital Paid up.....	\$ 15,000,000 00
Rest Account.....	13,500,000 00
Balance of Profits as per Profit and Loss Account.....	802,319 09
	<hr/>
	29,302,319 09
	<hr/>
	\$ 288,427,579 76

ASSETS

Gold and Silver Coin Current....	\$ 20,975,529 83
Dominion notes.....	19,315,476 00
Deposit in the Central Gold Reserves.....	6,000,000 00
	<hr/>
	\$ 46,291,005 83
Notes of other Banks.....	\$ 1,630,360 00
Cheques on other Banks.....	9,668,098 71
Balances due by other Banks in Canada.....	1,389 86
Balances due by Banks and Banking Correspondents elsewhere than in Canada.....	7,201,798 13
	<hr/>
	18,501,646 70
Dominion and Provincial Government Securities, not exceeding market value.....	2,781,960 86
British, Foreign and Colonial Public Securities and Canadian Municipal Securities.....	17,282,911 96
Railway and other Bonds, Debentures and Stocks, not exceeding market value.....	7,810,461 73
Call and Short Loans (not exceeding 30 days) in Canada on Bonds, Debentures and Stocks.....	14,725,133 07
Call and Short Loans (not exceeding 30 days) elsewhere than in Canada.....	21,141,335 85
Deposit with the Minister of Finance for the purposes of the Circulation Fund.....	806,964 42
	<hr/>
Carried forward.....	\$ 129,341,420 42

GENERAL STATEMENT

30TH NOVEMBER, 1916

ASSETS—Continued

Brought forward.....	\$ 129,341,420	42
Other Current Loans and Discounts in Canada (less rebate of interest).....	133,738,131	21
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest).....	16,504,418	23
Liabilities of Customers under Letters of Credit, as per contra.....	2,092,640	13
Overdue Debts (estimated loss provided for).....	230,738	30
Real Estate other than Bank Premises (including the unsold balance of former premises of the Eastern Townships Bank).....	\$ 1,264,458	34
Less mortgage assumed.....	100,000	00
	1,164,458	34
Mortgages on Real Estate sold by the Bank.....	389,411	53
Bank Premises at cost, less amounts written off.....	\$ 5,139,457	26
Less mortgage assumed on property purchased.....	300,000	00
	4,839,457	26
Other Assets not included in the foregoing.....	126,904	34
	<u>\$ 288,427,579</u>	<u>76</u>

B. E. WALKER,
President.

JOHN AIRD,
General Manager.

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We have checked the cash and verified the securities representing the investments of the Bank at its chief office and principal branches at a date other than and in addition to the verification at 30th November 1916, and found that they were in agreement with the entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

T. HARRY WEBB, C.A. of Webb, Read, Hegan, Callingham & Co.	} AUDITORS
JAMES MARWICK, C.A. of Marwick, Mitchell, Peat & Co.	

BANKERS AND CHIEF CORRESPONDENTS

GREAT BRITAIN:

Bank of England; Bank of Scotland; Barclay & Company, Limited; Lloyds Bank, Limited; London & South Western Bank, Ltd.; Union of London & Smiths Bank, Ltd.; Capital & Counties Bank, Limited; Manchester & Liverpool District Banking Company, Limited; Manchester & County Bank, Limited; Union Bank of Manchester, Limited; West Yorkshire Bank, Limited; North of Scotland & Town & County Bank, Limited; Union Bank of Scotland, Limited.

IRELAND—

Belfast Banking Company, Limited; Hibernian Bank Limited; Northern Banking Company, Limited; Provincial Bank of Ireland, Ltd.

DENMARK—

Den Danske Landmandsbank, Copenhagen.

FRANCE—

Cox & Company (France), Limited; Credit Lyonnais, Paris; Lazard Frères & Cie, Paris; Société Générale, Paris.

HOLLAND—

Disconto-Maatschappij, Rotterdam; De Twentsche Bankvereniging.

ITALY—

Banca Commerciale Italiana, Naples; Credito Italiano, Milan.

NORWAY—

Centralbanken for Norge, Christiania; Bergens Privatbank, Bergen.

SWEDEN—

Skandinaviska Kreditaktiebolaget.

SWITZERLAND—

Banque Fédérale, Zurich; Société de Crédit Suisse, Zurich; Swiss Bankverein, Basle.

WEST INDIES—

Colonial Bank and branches; National Bank of Cuba, Havana, and branches.

BERMUDA—

Bank of Bermuda, Limited, Hamilton.

SOUTH AMERICA—

Anglo-South American Bank, Limited; British Bank of South America, Limited; London & Brazilian Bank, Limited; London & River Plate Bank, Limited.

INDIA, CHINA, JAPAN AND THE PHILIPPINE ISLANDS—

Chartered Bank of India, Australia and China; Hongkong & Shanghai Banking Corporation; National Bank of India, Limited; Yokohama Specie Bank, Limited.

SOUTH AFRICA:

African Banking Corporation, Limited; National Bank of South Africa, Limited; Standard Bank of South Africa, Ltd.

AUSTRALIA AND NEW ZEALAND—

Australian Bank of Commerce, Limited; Bank of Australasia; Bank of New Zealand; Colonial Bank of Australasia, Limited; Commercial Banking Company of Sydney, Limited; Commonwealth Bank of Australia; English, Scottish & Australian Bank, Limited; London Bank of Australia, Limited; National Bank of Australasia, Limited; National Bank of New Zealand, Limited; Royal Bank of Australia, Limited; Union Bank of Australia, Limited.

HONOLULU—

Bishop & Company; First National Bank of Hawaii.

FIJI—

Bank of New Zealand.

UNITED STATES—

NEW YORK—American Exchange National Bank; Chase National Bank; Irving National Bank; Corn Exchange Bank; National City Bank; Mechanics & Metals National Bank.

CHICAGO—First National Bank; Northern Trust Company; National Bank of the Republic; National City Bank.

ALBANY—New York State National Bank.

BALTIMORE—Citizens National Bank.

BOSTON—Second National Bank; National Shawmut Bank; First National Bank; International Trust Company.

BUFFALO—Manufacturers & Traders National Bank; Citizens Commercial Trust Company.

CINCINNATI—Fifth Third National Bank.

CLEVELAND—First National Bank.

DETROIT—First & Old Detroit National Bank.

MILWAUKEE—Wisconsin National Bank.

MINNEAPOLIS—First & Security National Bank; Scandinavian American National Bank; North Western National Bank.

NEW ORLEANS—Commercial National Bank.

PHILADELPHIA—Girard National Bank.

PITTSBURG—Mellon National Bank.

THE CANADIAN BANK OF COMMERCE

REPORT OF THE PROCEEDINGS OF THE ANNUAL MEETING OF SHAREHOLDERS TUESDAY, 9TH JANUARY, 1917

The fiftieth Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held in the banking house at Toronto, on Tuesday, 9th January, 1917, at 12 o'clock.

Among those present were:—

Dr. R. M. Bateman, J. Appleton, Edward Hay, Dr. N. H. Beemer, Rev. J. B. Saer, William Crocker, Thomas Gilmour, J. Short McMaster, William Davies, Peleg Howland, Major W. N. Keefer, James S. Lovell, J. B. McKechnie, C. R. Acres, T. Bradshaw, E. C. Fox, J. C. Brechenridge, Robert Cassels, William Craig, C. H. Ellston, F. W. Harcourt, W. T. Harris, F. W. Evans, T. C. Irving, F. G. Jemmett, Miller Lash, W. H. Leishman, J. M. Smith, J. M. Sparrow, F. W. Field, A. E. Ferrie, Robert Inglis, Rev. C. J. James, M.A., D. Hughes Charles, William J. Evans, Robert Gray, Dr. George A. Bingham, G. M. Clark, Dr. F. Le M. Grasett, James Watt, H. C. Cox, E. B. Ryckman, Dr. John Hoskin, Rev. T. W. Paterson, James A. Taylor, Gordon Taylor, President R. A. Falconer, Sir Lyman Melvin-Jones, W. R. Houston, Æmilius Jarvis, Lieut.-Col. Duncan Donald, H. H. Trigge, J. K. MacDonald, R. J. MacLennan, C. D. Massey, Lieut.-Col. J. F. Michie, William C. Noxon, A. D. Morrow, F. A. Moure, S. Samuel, R. Millicham, Albert Oakley, J. Western, F. H. Gooch, G. W. Gowanlock, J. N. Shenstone, A. W. Smith, E. G. Staunton, C. A. Bogert, Victor Ross,

E. B. Thompson, W. T. Harris, H. H. Fudger, A. E. Osler, Frank Arnoldi, W. W. Near, J. E. McFarlane, J. O. Thorn, W. B. Meikle, A. J. Mitchell, G. A. Morrow, H. D. Scully, Z. A. Lash, K.C., Albert Nordheimer, F. D. L. Smith, Avern Pardoe, Jr., W. E. Rundle, R. G. O. Thomson, E. M. Saunders, A. H. Campbell, R. Home Smith, G. P. Scholfield, J. P. Watson, Thomas West, C. L. Wisner, S. R. Wickett; R. Gill, Ottawa; M. D. Hamilton, Ottawa; R. G. W. Conolly, St. Catharines; E. L. Staples, Detroit; William Cook, Richmond Hill; D. B. Dewar, Hamilton; William F. McAdie, Oshawa; H. B. Walker, Montreal; F. D. Spaulding, Burlington, Vt.; L. F. Cross, Barrie; Professor Charles Colby, Montreal; A. Maybee, Brandon; A. E. Hickman, St. John's, Nfld.; A. C. Flumerfelt, Victoria; W. G. Whiteside, St. Thomas; A. D. McLean, London, Ont.; Senator Edwards, Ottawa; C. M. Stork, Belleville; G. G. Foster, K.C., Montreal; G. A. Holland, Woodstock; H. J. Fuller, New York; H. W. Fitton, Brantford; Robert Stuart, Chicago; James S. Whitcher, Caledonia; H. A. Taylor, Halifax; W. P. Kirkpatrick, Saskatoon; V. C. Brown, Winnipeg; L. G. T. Lynch, Lennoxville; E. L. Stewart Patterson, Sherbrooke; G. F. Galt, Winnipeg; E. A. Fox, Prince Albert; O. E. Fleming, K.C., Windsor, Ont.; G. W. Allan, Winnipeg; W. J. Savage, Swift Current; D. H. Gordon, Winnipeg; C. M. Gipton, St. Catharines; F. C. Whitehouse, Red Deer; H. A. C. Scarth, Magog; C. L. Miles, Herbert; James Anderson, Windsor, Ont.; J. A. C. Kemp, New York; J. M. Christie, Cranbrook; W. Hilborn, North Battleford; W. Hogg, Vancouver; Lloyd Harris, Brantford; J. Mackinnon, Sherbrooke; A. P. Taylor, Sherbrooke; William A. Murray, Montreal; G. V. Holt, Vancouver.

The President, Sir Edmund Walker, having taken the chair, Mr. H. V. F. Jones was appointed to act as Secretary, and Messrs. Edward Cronyn and J. E. L. Pangman were appointed scrutineers.

The President called upon the Secretary to read the Annual Report of the Directors, as follows:

REPORT

The Directors have pleasure in submitting to the Shareholders the fiftieth Annual Report for the twelve months ending 30th November, 1916, together with the usual statement of Assets and Liabilities:

The balance at credit of Profit and Loss Account brought forward from last year, was.....	\$ 461,892 25
The net profits for the year ending 30th November, after providing for all bad and doubtful debts, amounted to.....	2,439,415 17
	<hr/>
	<u>\$2,901,307 42</u>

This has been appropriated as follows:

Dividends Nos. 116, 117, 118 and 119, at ten per cent. per annum.....	\$1,500,000 00
Bonus of one per cent. payable 1st June..	150,000 00
Bonus of one per cent. payable 1st December.....	150,000 00
War tax on bank-note circulation to 30th November.....	147,288 33
Transferred to Pension Fund (annual contribution).....	80,000 00
Subscriptions:	
Canadian Patriotic Fund...\$50,000 00	
British Red Cross Fund.... 5,000 00	
British Sailors' Relief Fund. 5,000 00	
Sundry subscriptions, including Northern Ontario Fire Relief Fund and War Hospitals, etc.	11,700 00
	<hr/>
	71,700 00
Balance carried forward.....	802,319 09
	<hr/>
	<u>\$2,901,307 42</u>

The usual careful revaluation of all the assets of the Bank has been made and every debt which may be considered as bad or doubtful has been fully provided for.

Although this is the fiftieth report presented to you, the first half-century of the Bank's operations will not be completed until next May, owing to the date of the Annual Meeting having twice been changed. The Bank commenced business in May, 1867, and the first Annual General Meeting of the shareholders was held on the 6th July, 1868. In 1887 the date of the Annual Meeting was changed by by-law from the second Tuesday in July to the third Tuesday in June, and again in 1901 to the second Tuesday in January, the day set by the present by-laws.

During the year the following branches have been opened: In *British Columbia*—Pouce Coupe; in *Alberta*—Manyberries; in *Saskatchewan*—Turtleford; in *Ontario*—Timmins and Thorold; in *Quebec*—Drummondville. The business of the branch at Gilroy, Sask., has been transferred to Riverhurst, Sask. Sub-agencies have been opened at Birch Hills and Speers in Saskatchewan, at Belgrave, Ont., and at Glen Sutton, Que. The sub-agencies at Bishop's Crossing, Compton and Weedon, all in the Province of Quebec, are now being operated as branches, and the branch at Bic, Que., has been made a sub-agency of Rimouski. The following branches have been closed: In *British Columbia*—Rock Creek and Summerland; in *Alberta*—Monarch and Strathmore; in *Saskatchewan*—Laird and Outlook; in *Ontario*—Port Stanley, South Porcupine and Yonge and Eglinton (Toronto); in *Quebec*—Chicoutimi, St. Denis and Duluth (Montreal) and St. Remi. Since the close of the Bank's year a branch has been opened at Willowbrook, Sask., and a sub-agency at Richard, Sask.

Your Directors have made subscriptions of \$50,000 to the Canadian Patriotic Fund, \$5,000 each to the British

Red Cross Fund and the British Sailors' Relief Fund, \$3,000 to the Northern Ontario Fire Relief Fund, and smaller sums, amounting in all to \$8,700, to various organizations, principally of a patriotic character, which are seeking to alleviate the suffering arising out of the great war. The call for such help is insistent and we assume our share of the burden in a spirit of gratefulness that Canada has been spared so much.

The auditors appointed by you at the last annual meeting have made the audit required by Section 56 of the Bank Act and their report is appended to the statement presented to you to-day. As usual, the branches and agencies of the Bank in Canada, the United States, Great Britain, Newfoundland, Mexico, and the departments of the Head Office have been inspected during the year by the staff of our Inspection Department.

It gives the Directors pleasure again to express their satisfaction at the zeal and ability with which the officers of the Bank have discharged their respective duties.

JOHN AIRD,
General Manager.

B. E. WALKER,
President.

TORONTO, 29th December, 1916.

Before moving the adoption of the Report, the President called on the General Manager to address the shareholders:

GENERAL MANAGER'S ADDRESS

The shadow of the great European war has been the dominating influence in business affairs during the year through which we have just passed. No important new transaction could be undertaken without considering the effect of the war, and in the conduct of the affairs of a great fiduciary institution such as a bank it has been necessary to give more consideration to the factor of safety than to the factor of profit. Under these circumstances we feel that you will be well content with the results which we lay before you to-day.

The Bank's profits for the year under review were \$2,439,415, an increase of \$87,380 over the figures of the preceding year, a trifling sum when you consider the increased amount of business on which it has been earned, and the great activity which has prevailed throughout the year. We have felt it our duty to render a large amount of assistance in their financing to both the Imperial Government and the Dominion Government, and as rates of interest on this class of business are naturally low, our profits have been reduced correspondingly. Apart from this, however, there has been a greatly increased turnover during the past year which is not reflected in an increase of the profits of the Bank, and this tendency towards a steady reduction in profits has been apparent for some years past. The ratio of our profits to total average assets during the five years ending 1915 ranged from 1.45% to 1.13%, but in almost every year the tendency has been downwards.

We have paid the usual dividends at the rate of ten per cent. per annum, with bonuses of one per cent. at the end of each half year; the war tax on our note circulation has called for \$147,288, the Officers' Pension Fund for \$80,000,

and sundry subscriptions for patriotic purposes for \$71,700, leaving a balance at credit of Profit and Loss of \$802,319 to be carried forward to the accounts of next year. As long as present conditions continue we must, I fear, accept a low rate of profit, and it is, of course, possible that there may be still further depreciation in the market value of securities, so that we think it wise to carry forward a large balance in Profit and Loss account. During the past year the values of investment securities have depreciated further, which is only natural as long as the governments of the great nations engaged in the war are obliged to increase the rates of interest which their securities bear. Up to the present, however, we have not found it necessary to add to the sum of \$1,000,000 reserved last year for possible further depreciation, and we believe that we have provided for anything which is likely to occur.

The notes of the Bank in circulation show an increase of \$2,861,000 over the figures of the previous year. Throughout the year the note circulation of the chartered banks has been unprecedentedly high, due partly, no doubt, to the high prices prevailing for almost all commodities and partly to the activity in business arising from the large orders for merchandise and munitions placed in Canada by the allied governments. In the general increase of note circulation this Bank has had its full share, and the demand upon our supply of notes has been much greater than had been anticipated. Almost throughout the year our note circulation has been in excess of paid-up capital and beyond any figures heretofore reached in our history.

Our deposits show a satisfactory growth, the increase being \$35,373,000, of which over \$25,000,000 is in deposits bearing interest; these include the savings of the people and are therefore less subject to fluctuation than demand deposits not bearing interest. Through the medium of our Monthly Commercial Letter we have endeavoured to impress upon the public mind the necessity for the exercise

of economy to a degree never before known in Canada, and we should like to think that some part of the increase to which we have just referred has been due to the advice thus given. Canadians cannot too often be reminded that only by the universal exercise of economy and thrift to an extent to which they have in the past been strangers, and by the setting aside of what is thus saved for investment in government loans or as bank deposits, can we do our share to provide the wherewithal necessary to carry the war to a victorious conclusion.

Our total holdings of coin and legals are \$46,291,000, an increase of \$6,389,000 over the figures of a year ago, but of this sum \$6,000,000 is represented by a deposit in the Central Gold Reserves to cover the issue of note circulation in excess of our paid-up capital, already referred to. These holdings of cash represent 18.5% of the total of our deposits and circulation and 17.9% of our total liabilities to the public, and in view of the uncertainties of war conditions we are sure that you will approve our policy of keeping strong in this respect. Our immediate available assets total \$129,341,000, equal to fifty-six per cent. of our deposits and fifty per cent. of our total liabilities to the public. The largest increase in any one item composing this amount is in British, foreign and colonial securities, etc., which show an increase of over \$15,500,000 and include the securities purchased and held for the advances which we have made to the Imperial Government to finance their purchases in the Dominion. There has been a slight increase of \$858,000 in our holdings of Dominion and Provincial securities and a decrease of \$1,802,000 in our holdings of railway and other bonds, debentures and stocks. We have thought it desirable, in view of the exigencies of the war and of the requirements of the governments of Great Britain and Canada, to realize on these securities as opportunity offered. This has seemed the more advisable because of the doubtful outlook as to the future trend in the value

of such securities. Notwithstanding the advances we have made to the governments of our own country and Great Britain for the purposes of the war, we have not found it necessary to decrease the assistance which we render to the ordinary business of the country. Indeed, our total current loans at the date of the statement before you amounted to \$186,109,000, an increase of over \$13,800,000 as compared with the figures of a year ago. It has always been the policy of this Bank to consider as one of the principal aims which should be kept before the executive, that it should render the utmost possible assistance to the development of Canadian trade and industry. We have not failed in this duty during the year just past. The total of overdue debts shows a considerable decrease and stands at a lower figure than for a number of years back and at only about half the amount of last year. This is doubtless due to general liquidation of indebtedness, brought about in part by the satisfactory results of the crops for the last two years and in part by the prosperity arising out of the war. There has been little change in the figures of Bank Premises account. The slight increase is chiefly due to the purchase of sites for some of our smaller branches. Our total assets show a growth of \$38,000,000 and now amount to the large sum of \$288,427,000. It is interesting to note that this is about ten times the total assets in the balance sheet of twenty years ago when they stood at \$28,596,000. The increase alone during the year just past has exceeded the total figures of the whole Bank at that time by no less than the sum of ten million dollars.

The number of our branches stands at 376 as against 374 a year ago, the smallest increase in many years, indicating the policy which has prevailed in this respect. Until the war is over and the future of the branches we now have has been made more clear, we shall doubtless continue to mark time in this respect.

The number of our shareholders continues to increase in a gratifying manner. At the date of the closing of our books we had 6,648 as against 6,341 last year, an increase of about 300, principally in the Provinces of Ontario, Quebec and Nova Scotia.

There has not been much change in the situation in Mexico during the year. Business has naturally been affected by the events of the past few years in that country, and one of the results is that the two chief arteries of commerce, namely, finance and transportation, are blocked. The majority of the banks which formerly operated in the country are closed and the currency is in a chaotic condition. For the present we continue to transact such meagre business as the situation will permit, keeping in view always the uncertainties of the future. Our standing in the community is excellent, and were a stable government once restored, we have no doubt that the vast natural resources of Mexico would soon rehabilitate her commerce.

During the year we were called upon to join with the other banks in underwriting a part of the Second Canadian 5% War Loan, maturing in 1931. The wonderful success of this loan is now a matter of history and must have been most gratifying to the Minister of Finance.

The members of the staff number 2,976, as shown in the following comparative table:—

	30th Nov., 1916	30th Nov., 1915	31st July, 1914
Officers on regular staff	1,806	2,170	2,597
Temporary clerks	187	61	3
Temporary women clerks and stenographers	352	23	2
Stenographers and women clerks on regular staff	373	344	378
Messengers	258	230	232
	<hr/> 2,976	<hr/> 2,828	<hr/> 3,212

in addition to which we have 368 janitors, making a total of 3,344 persons employed by the Bank.

The changes in personnel indicated by the above figures are eloquent of the burden which has been laid upon the shoulders of the older members of the staff to maintain our organization at a satisfactory level of efficiency and, at the same time, to assist in the training of the unusually large percentage of the staff which is without any previous experience. At the 30th of November, 1,207 of our officers had enlisted as against 748 a year ago, representing about sixty per cent. of the male staff, and it is interesting to note that 264 of our officers have attained to commissioned and 168 to non-commissioned rank in the army.

Not only has it been necessary to cope with the immediate difficulties arising from a depleted staff, but provision has had to be made as well for the additional strengthening of our ranks in order to meet with some degree of preparedness the problem of future enlistments. One expedient adopted to meet the exigencies of the case has been the employment of temporary men clerks, of whom we now have 187, and of women clerks, both permanent and temporary, the number of women on our staff having increased during the past year from 367 to 725.

With a staff thus augmented to an unusual degree by untrained and inexperienced workers, many problems have arisen and the task of distributing the burden as equitably as possible has been by no means easy. Furthermore, an inexperienced and untried staff must mean a staff enlarged beyond normal requirements and a consequent addition to the cost of operation. These, however, are conditions inevitable in times such as we are passing through, and we can testify to the ready and cheerful manner in which we have been supported by the staff generally in dealing with them.

Since our last annual meeting an additional fifty-nine brave and promising young men of our staff have laid

down their lives on the field of battle. Our complete casualty list to date is as follows:—

Killed.....	84
Wounded.....	175
Missing.....	8
Prisoners.....	9
Ill.....	20
	<u>296</u>

We have received many indications that our men are measuring well up to what is required of them and are capable of taking their full share in the wonderful operations at the front which are thrilling the world. Six of our officers have been awarded the Military Cross and three more have been recommended for it.

We do not think that it would be fair thus to express our pride in our banker soldiers without adding a further word in commendation of the staff at home. While we still have to expect that some of them will take up military duty, we are satisfied that those who have remained at home thus far have been actuated by the highest motives; indeed, the work of the Bank could not be efficiently carried on without retaining the services of many men who in other respects would be available for military service.

A year ago you were advised that we had placed the facilities of this Bank at the disposal of our Italian allies for the purpose of receiving from their citizens in this country subscriptions to a war loan. The situation in Italy to-day is a very interesting one. The foreign trade of that country has grown very largely during recent years. The trade of Germany with Italy gradually overtook and then surpassed that of Great Britain, which was formerly the largest. The war, so far as Italy is concerned, has brought with it a serious dislocation of commercial intercourse, and the necessity of finding fresh sources of supply in allied and neutral countries is very pressing. With the active support and financial assistance of the British Government, there was formed during the year, in London, a company called The

British Italian Corporation Limited, which is intended, in collaboration with its Italian counterpart, The Compagnia Italo-Britannica, to work for the furtherance of commercial intercourse between the British Empire and Italy. Among its objects will be financial participation in enterprises which are likely to result in an exchange of products between the two countries and generally to facilitate the growth of British trade with Italy. The project has the support of an important Italian bank, the Credito Italiano, and of two large English banks, the London County and Westminster Ltd. and Lloyds Bank Limited, and in view of the prospects of an increase in trade between Italy and Canada we have subscribed for a certain amount of stock. We shall watch the development of this enterprise with great interest and in the hope that it may lead to mutually profitable commercial relations.

Similar projects with others of our allies are also under discussion, and if the opportunity is given us we shall probably avail ourselves of it to a reasonable degree. It is by such international arrangements that we are hopeful of helping to build up after the cessation of hostilities the foreign trade of the Dominion.

As to the future it is obvious, we think, that after the war finance will be more liquid, inasmuch as the warring powers are not likely to attempt to float any more new loans for many years to come. They will naturally, we believe, content themselves with funding at long dates their floating and short dated debts. Before the war money was gradually increasing in value, and there will be within the empire many new enterprises as well as others held up temporarily which will require financing. How soon these will come into the market to borrow will depend upon the willingness of the public and of financial houses to encourage bona fide enterprises by reasonable rates for money. It will be natural for a Britisher to invest his savings in our own securities, particularly at the rates of interest which

are likely to prevail. We shall, therefore, watch this situation with increasing interest, as future development at home and abroad may depend upon the willingness of capitalists and others to accept a lower return from such investments than they can obtain under present conditions by simply investing their surplus funds in government and similar securities.

The President then spoke as follows:

PRESIDENT'S ADDRESS

I shall not apologize as I did a year ago for asking you to devote your attention to the material affairs of Canada at a time when the Empire and its Allies are fighting for the greatest of all causes—the liberty of the world. Canada has in that short time so enlarged her sphere of action that only the blind could fail to see that every detail of our national life which aids or hinders our power to serve in the great conflict is of supreme importance. In the terrible winter of 1914-15 we did not realize that our aid was to count for much in the struggle, greatly as we desired to help. We did not really believe, despite the warning of Kitchener, that the war would still be raging in 1917 with the end not nearly in sight. Now we do not talk of any definite time for the end; we only know that the last man, the last gun, the last dollar, may be needed, but that we shall win beyond any peradventure if the people in all the allied countries can be made to understand what is required of them.

Turning at once to our trade with other countries, that being the best indication of the tendency of affairs at the moment, we find that, leaving out the shipments of gold and bullion, both inwards and outwards, our exports for the fiscal year ending 31st March, 1916, exceeded our imports by \$249,088,274, and that for the six months ending 30th September, 1916, the excess was \$141,100,898. We cannot

keep in mind too clearly what has happened since the end of our period of expansion in 1913, and a repetition of the figures given last year will aid us to do so.

Fiscal Year	Imports	Exports	Excess Imports	Excess Exports
1912-13...	\$686,515,536	\$377,068,355	\$309,447,181	.....
1913-14...	635,383,222	455,437,224	179,945,998	.....
1914-15...	497,376,961	461,442,509	35,934,452	.....
1915-16...	530,211,796	779,300,070	.....	\$249,088,274
6 mos. end- ing Sept. }	405,901,765	547,002,663	.....	141,100,898

The improvement from year to year is as follows:

1913 to 1914.....	\$129,501,183
1914 to 1915.....	144,011,546
1915 to 1916.....	285,022,726
1913 to 1916.....	<u>\$558,535,455</u>

For the six months of the present year the gain over the astonishing figures for the first half of last year is nearly another 100 millions.

The gain of 285 millions in our foreign trade as compared with March, 1915, is almost all due to the increase in the value of the exports, the increase in the imports being only 32 millions. If we are really to exercise an effective economy we should be very jealous as to the nature of any imports not necessary for the production of war supplies or for our national existence. There is some improvement in this respect, but it is not pleasant to see about 10 millions sent abroad for motors and about as much more for silk goods and velvets. The chief increases are in iron and steel bars and goods, and in iron ores, in machinery, in wool, cotton and jute and goods made therefrom, in raw rubber, in various chemicals, oils, explosives, etc., needed for making munitions, in various articles for the army and navy, and to a considerable extent in foodstuffs, so that apparently the chief increases are in necessary articles. although we regret that many of them were not made in

Canada. There is a large increase in our exports under every general heading, especially under manufactures, mining, agriculture and animals and their products. The total of our imports and exports of merchandise in the fiscal year ending March, 1916, was \$1,309,511,866, against \$241,025,360 in 1896, that being also a period of excess exports. This enormous foreign trade is of course coincident with a great decline in all domestic trade not connected with the war, and is swollen largely by purchases of steel and other material imported from the United States to be used here in making munitions; the money result is abnormal because of the high price of almost every known commodity. I am not putting forward the figures, however, as a guide to what may be possible after the war, I am putting them forward as an indication of what may be accomplished when we are spurred by great events. The financial ideal for us at the moment is to pay interest on our foreign indebtedness, to provide our share of the cost of the war, and to lend as much as possible to Great Britain to pay for munitions made for her by Canada. We are apparently accomplishing this, but in the absence of figures we cannot estimate what amount of profit from our home trade is eventually invested in war securities. We are, however, being helped to accomplish this result, in a manner which may deceive us, by the large market in the United States for our securities, and also by the many subscriptions received from our wealthy neighbours when issues of our own war loans are made in Canada.

The sales of Canadian bond issues for the eleven months of 1916 are of peculiar interest, showing how completely our reliance for the placing of our securities is now transferred from Great Britain to the United States and to our own greatly enlarged market. The following statement has been prepared for us by the Dominion Securities Corporation:

Securities	Total Sold	In Canada	In United States	In Great Britain
Municipal.....	\$ 49,100,575	\$13,567,055	\$ 35,533,520	.....
Railway.....	15,920,000	.....	15,920,000	.....
Governments....	200,545,300	83,350,000	117,195,300	.....
Miscellaneous Corporations..	24,750,000	6,050,000	10,700,000	\$8,000,000
Public Service Corporations..	5,900,000	.....	5,900,000	.....
Canadian Co.'s operating in Foreign Countries.	7,500,000	.....	7,500,000	.....
Total.....	\$ 303,715,875	\$102,967,055	\$192,748,820	\$8,000,000

It will be seen that the actual sales in Canada of Government bonds are considerably less than the amounts offered to the public in Canada. To the extent thus shown buyers in the United States have eventually become the owners of these issues. Since August, 1914, Canadian securities to the extent of about 50 millions of dollars, which had been sold in Great Britain or elsewhere in Europe, have been returned. These have been either directly resold or the nature of the issues re-arranged and about one half has found a new market in the United States, the remainder being absorbed in Canada. The figures of such transactions are not included in the statement of new issues.

The affairs of the United States are necessarily always of great interest to us but never more so than at the present time, and I hope that every shareholder will read attentively the carefully prepared report of our New York Agent. During the past year the United States has added to her gold stock, after deducting exports, about 400 millions in gold and is now estimated to possess the huge sum of about \$2,750,000,000 in that metal. From information obtained in the United States we learn that the imports of gold from Canada for the ten months ending October were 385 millions of dollars. This was, of course, almost

entirely on Imperial Government account. With the enormous volume of war business, the increase of credit made possible by the new Federal Reserve Bank Act and this influx of gold, trade has so increased that in many lines of business each month establishes a new record. An estimate of the foreign trade of the United States, given by our New York Agent, places the excess of exports over imports from August, 1914, to September, 1916, at \$4,158,000,000. This is said to be almost equivalent to the amount of United States securities held abroad before the war, and it is estimated that by the end of September securities of all kinds had been returned to the value of \$2,400,000,000, so roughly about \$1,600,000,000 remained abroad. Of this remainder the proportion which can be made available for British war finance is too uncertain to form a basis for an opinion of any value. Great Britain, however, holds a vast amount in the securities of countries other than the United States. I have seen the statement that about ninety per cent. of the present exports from the United States arises from war requirements. If this is even approximately correct we can imagine the vast additional increase in wealth if the war continues much longer, and the extent of the collapse in trade if it does not.

The receipts of gold, therefore, have been huge, notwithstanding the acquiring of so large an amount of United States securities. Co-incident with this there has been such an expansion of credit that bank reserves are not as comfortable as they were a year ago, and the Federal Reserve Board has sounded a note of warning which takes the form of a caution against the purchase of British and French Treasury Bills. This was immediately followed by the withdrawal of an issue at that moment about to be offered to the public. The United States has benefited more by the sale of war supplies of all kinds than any other nation, and because of this they ought to be the main source of credit for such supplies. Where merchandise is produced

credit as a rule must be extended, otherwise trade will decline. Great Britain, because of the enormous production of gold within the Empire, is the only country that can buy largely for cash, although she also must have liberal credit extended to her while the war lasts. The United States for the time being, however, will sell goods to the Allied countries for cash or will lend against collateral, but will not grant credit in the ordinary sense. What they fear is a sudden collapse of the trade in war supplies, but such a collapse would be the natural result if the advice of the Federal Reserve Board is literally followed.

The only direction in which the tide of prosperity in the United States is not at the full is in agricultural production. In a year when the world is facing the highest prices of recent times, the great decrease in the wheat crop, the moderate yields of corn and oats, the small yields of minor products, and the adverse effect of high-priced feed on the live stock situation, are matters of deep concern. The individual producer may be compensated, at least partially, for the low yield by the higher price, but no comfort for the consumer, weary of high prices, can be found in a world short of food and of almost every commodity that enters into his daily needs.

A matter of supreme importance to Canada, and for the frequent reference to which no excuse is needed, is that we must as far as possible provide the cost of the war at home. At the end of October the war had cost us a little over 350 millions and at our present rate of spending 300 millions more may be added during the coming year. From the excess of revenue over expenditure we may at the end of the fiscal year have 50 millions, or even more, to apply on war charges. To provide for so great a proportion of the total cost of the war in this manner reflects great credit on those who are responsible for Dominion finance. We have managed to finance the remainder of the cost thus far partly by an account

with the Imperial Government for oversea and other disbursements, and partly by loans floated in Canada. Over 100 millions of the amount due the Imperial Government has been funded permanently and most of the balance is offset by payments on Great Britain's account. Some loans for ordinary capital expenditures which could not be deferred were made in New York in 1915. In March, 1916, a second loan was placed in New York amounting to 75 millions, of which 25 millions was used to take up a corresponding amount of the 45 millions borrowed in July, 1915. In September a second loan in Canada was offered. This time the finance minister asked for 100 millions and the subscriptions exceeded 200 millions, the banks receiving nothing on their underwriting of a portion of the loan. These are such notable achievements that I am sure they cannot have escaped the memory of any Canadian, but I mention them for the benefit of the very large number of people outside Canada who read our annual reports. In this review of the finances of the year it is necessary to recall that the proceeds of the first war loan of November, 1915, 100 millions, were used mainly, if not altogether, in the year 1916. There is one feature in Canadian war finance which differs in a marked degree from that of Great Britain. Our Finance Minister has as far as possible funded the debt as it has been incurred, with maturities neither so long as to involve present rates of interest for too many years, nor so short as to trouble the Government during a period of some years beyond any probable duration of the war. One of the disturbing features of the finance of Great Britain is the enormous quantity of Treasury Bills which must be renewed at very short intervals.

Next in importance to the question of our own war finance is the aid which has been extended to Great Britain by the placing in Canada of British Treasury obligations or of Canadian obligations given on account of the British

Treasury. The Canadian manufacturer of munitions has not been asked thus far to take pay for his goods in the form of Treasury obligations—he has received cash—but some one had to take these obligations, because, clearly, Great Britain could not place orders for war supplies to the extent of hundreds of millions of dollars and immediately find the cash with which to pay for them. The help given by our Government in this way was apparently at least 100 millions, doubtless partially offset by the expenditures incurred by the Imperial Government on behalf of our troops, but as to this we have no precise knowledge. The banks have been the only other source of assistance as far as we know, and they have already lent on these Imperial obligations 100 millions and have undertaken to lend an additional 100 millions during 1917. If, however, we are to execute the orders for war supplies which will be offered to us, and which it is our duty to undertake in order to aid in ensuring victory, we must be prepared to do very much more than heretofore. This is what gives to the forthcoming campaign of thrift its fullest meaning. Thrift for the individual is excellent, but just now that is of minor importance. Thrift for the sake of Canada, thrift for the sake of the Empire, thrift to win the war should be our cry. We shall not fail for men, difficult as enlistment may be. We shall not fail because of inability to make or to procure war supplies. If we fail it will be because we have wasted on unnecessary things the money that would have won the war. The man or woman who works hard at making shells may take much comfort in helping to win the war, but the man or woman who, in addition, saves a part of the present high wages due to the war and buys a war security, or helps a bank to do so, has helped twice, and the second kind of help is the most vital. The manufacturers of the United States will make war supplies for money. We are doing better only if we supply them on credit.

In addition to the credits for munitions, the Canadian banks are at the moment giving credits to the British Government for the purchase of wheat to the extent of 20 millions, but the transactions are for a shorter duration than the obligations already mentioned.

The total of the deposits of Canadian banks at 30th November last was \$1,521,349,000, as compared with \$1,288,985,000 at the same date in 1914, an increase of \$232,364,000. Our deposits will, we trust, continue to increase, but the extent of the increase will depend on the results of the campaign of thrift, and only to a proportionate extent shall we be able to help in the way which we believe most vital in winning the war. We must of course bear in mind that the war securities held by the banks are only a part of the resources which are being used for war purposes and that the loans made to every manufacturer of war supplies have to be included to indicate the total extent to which their resources are so used.

The Review of Business Conditions which accompanies our annual report records prosperity beyond anything we have ever known in almost every part of Canada. This results from the existence of a market which needs almost everything we produce and which must pay almost anything the seller asks. If it is true that ninety per cent. of the exports of the United States are a result of the war, much the same must be true of Canada, and in addition a large part of our home consumption is due to the requirements of the Canadian army. As individuals, almost all are gaining by the war, except those with more or less fixed incomes and without power to adjust the same when prices are high, and those who are engaged in business not connected with war supplies. The money made by the individual, however, has, so far as the nation is concerned, to be provided by a war debt incurred partly by Canada and partly by Great Britain. We do not, like the

United States, receive gold in exchange for a large part of our products, we even borrow from the United States part of the cost of the war. If we could free ourselves from the habit of thinking of commodities merely in the terms of their money value, we should discover that what we are doing is to provide material to help our gallant sons and their fellow Britons to win the war, and that there is no one to pay for this material ultimately but ourselves and the Motherland. Therefore, in the monthly letters issued by this Bank we have constantly preached thrift in order to discourage people from spending that which as a nation we cannot afford to spend. We repeat once more that every dollar any Canadian saves, whether he buys a war bond therewith or indirectly enables the banks to do so, is one dollar more of power to win the war, and that particular dollar no one else can provide if he fails to do so. We are told by every one who visits England, and especially by those who have also seen the battle line and the conditions there, that in Canada we act as if no war existed. I have referred to the motors and the silks, but they are only examples of an extravagance which is observable in every direction. We should undoubtedly forbid, or at all events heavily penalize, the importation of all luxuries; municipal expenditures should be further curtailed and all projected improvements first submitted to the criticism of provincial commissions; we should not think it amiss if the expenditures of individuals at eating places are legally restrained and meatless days are instituted. I am not endeavouring to say in what directions economy should be enforced in Canada as it has been in England, but beyond a doubt it must be enforced in many directions if it is not voluntarily adopted by our people.

It is not easy to conjecture how far the prosperity of Canada is due to the activity in production of all kinds, to the ready market and high prices, and how far to the grain crop of 1915, a crop so extraordinary that it exceeded some

estimates by seventy million bushels and our own by fifty-seven millions, but it is well to remember that our prosperity was due to both causes and that the crops this year have not been good. If we have throughout Canada a fair average result, that is the best we can say of our agricultural and pastoral production. High prices will make up for this to the producer, but nothing can make up to the nation for the shortage of foodstuffs at such a time. The liquidation of debts following the great crop in the West, the improvement in the towns and cities of the prairie provinces and British Columbia, the growth in bank deposits, the marked improvement in railroad earnings, and the increase in the figures of every clearing-house in Canada, are all things so directly dependent upon the great crop that we must expect a lesser degree of prosperity in the West in 1917.

Since 1913, when the largest figures up to that time were reached, the totals of the Clearing Houses have been declining in volume. During this year, however, they have expanded to figures much beyond anything hitherto recorded, the total being \$10,564,043,000, an increase over 1915 of 35.48 per cent., and over 1913 of 14.17 per cent. In the three principal cities the increases over 1915 range from 35 to 42 per cent., and over 1913 from 14 to 29 per cent. There are now twenty-five Clearing Houses in Canada, two having been established during the year, namely Kitchener and Sherbrooke.

We subjoin as usual the building permits for the four principal cities. Except in Montreal they show a very considerable advance upon 1915 although they are still inconsiderable as compared with 1912 and 1913, the years of greatest expansion:

	1913	1914	1915	1916
Montreal.....	\$27,032,000	\$17,619,000	\$7,495,000	\$5,334,000
Toronto.....	27,038,000	20,672,000	6,651,000	9,882,000
Vancouver.....	10,423,000	4,484,000	1,593,000	2,412,000
Winnipeg.....	18,621,000	12,160,000	1,826,000	2,507,000

We are not now discussing after-the-war conditions so much as we did a year ago—we have realized that our first duty is to win the war—but there are matters which prudence demands should not be neglected. I am glad to see that a very eminent man has been appointed as the head of a commission established by the Dominion government for the purpose of scientific research in connection with our industries and our natural resources. We have on the one hand manufacturers craving for help in the questions arising in their business which depend on skilled knowledge in chemistry, physics, metallurgy and other branches of learning, and we have on the other laboratories and skilled members of the faculties of our universities keen to solve these difficulties. We want some local machinery to bring these two together, and our provincial governments, aided by our boards of trade, could bring this about. If both manufacturers and governments are willing to join in the expense, which ought not to be burdensome, a bureau which would receive such problems and determine the cost of investigating them would place us in a position to begin this great work at once.

We know that the future prosperity of the country with its load of war debt, depends upon greater production in the field, the pastures, the forests, the mines, the sea and in the workshops, and we cannot afford to be behind any nation in the world in efficiency when the fierce race for success in trade follows the war. In the West the provinces must spend liberally to improve agriculture and to encourage the increase of live stock, and whatever is possible must be done to enable the farmers to market their crops at the best time and to improve the conditions surrounding their homes. Nor can we afford to see the valuable fishing industry of British Columbia, which supplies forty per cent. of our fish, decline on account of the unskilled methods employed in both the salmon and the halibut fisheries.

A year ago we were able to make a few not very well-connected remarks regarding the manufacture of munitions in Canada. We sought, however, to convey at least some idea of the scale on which we were working, and to indicate that there are very few of our industries that cannot aid in the cause. Although very many goods are being shipped and contracts carried out which do not come within the operations of the Imperial Munitions Board, the War Purchasing Commission, the Department of Agriculture, or the British War Office Purchasing Department at Montreal, such information as can be gathered as to the operations of these bodies is useful. The shipments through the Imperial Munitions Board comprise empty, fixed and complete shells, also fuses, brass cartridge cases, steel forgings, cordite, tri-nitro-toluol, etc. During 1916 the total disbursements were about 320 millions of dollars, and while we have no information on which to hazard an opinion as to the scope of operations for 1917, it is at least suggestive that the actual business completed during the year amounted to about a million dollars a day and that many manufacturers are only now ready to deliver certain kinds of shells to the full capacity of the plants established for the purpose. A year ago women were but little employed in making munitions, now they are working by thousands in munition factories, and while much delay was caused by the necessity of creating new shop conditions for them, this has been accomplished in many factories, and we can but hope that thousands more of our women will come forward for this work and thus release many men for the front. When we consider that there are 600 factories in Canada and Newfoundland from the Atlantic to the Pacific, all making munitions night and day, three shifts of eight hours, or for the women in some cases, four shifts of six hours daily, we can get some sense of the scale of operations. The supervision of all this requires between 3,000 and 4,000 inspectors and 600 other employees. This is all on

Imperial account, but we find that the work of the War Purchasing Commission appointed by the Dominion Government is on a similar scale. For the first year or more practically everything required for the upkeep of our army in England and France was supplied by Great Britain on our account. Since then we have tried to supply its requirements direct from Canada, although this is possible only in the case of some articles.

We have no knowledge as to the total amount expended by the Commission, but the following items will be interesting:—

Clothing, boots, etc.....	\$35,000,000
Motor trucks and other vehicles.....	3,000,000
Accoutrements.....	3,000,000
Arsenal supplies, cartridges, rifles, machine guns and revolvers.....	17,000,000
Drugs and surgical instruments.....	1,000,000
Furniture, hospital supplies and stores.....	6,000,000
Transportation of troops to seaboard and to England, over	10,000,000
Maintenance of men while in Canada, not including pay, about.....	35,000,000

The Commission has purchased about 3 million pounds of fresh fish, about half on Canadian and half on Imperial account.

The purchases on Imperial account by the Department of Agriculture for the year to 23rd December, amount to 186,000 long tons of hay, 450,000 tons of oats, equalling nearly 30,000,000 bushels, and 187,000 tons of flour, the amount expended in this way being over \$37,500,000.

Among the purchases of the British War Office Purchasing Department at Montreal for the past year, are the following items:

Cottons and woollens.....	\$ 1,000,000
Food stuffs—cheese, canned meats and vege- tables, etc.....	20,000,000
Miscellaneous merchandise of iron and steel....	1,500,000
Other miscellaneous merchandise.....	1,500,000
	<hr/>
	\$24,000,000

There are, of course, thousands of articles not mentioned here which are made in Canada, the cost of which represents many millions; indeed it is a most gratifying fact that Canada has been able to produce nearly everything required by our army, the exceptions being binoculars, machine guns, revolvers, motor trucks, and some less important articles.

Since the war began we have learned much in the workshop, in the chemical and physical laboratory, in the refinery, in the counting house, in finance, indeed in every walk of life. We have been able to form some estimate of our value among the forces of the Allies, from the boy in the trenches to the father at home who is backing his son in so many ways, but do we realize that what we do, or do not do, may turn the scale on which depends victory or defeat. Our responsibility for the future of the Empire and of Canada is so great that there is no room for slackness. We must do, not many things, but everything that will help to win the war.

On the motion of the President, seconded by the Vice-President, the report of the Directors was adopted.

Mr. G. A. Morrow: I desire to move, seconded by Mr. C. D. Massey, that the retiring auditors, Mr. T. Harry Webb, C. A., and Mr. James Marwick, C. A., be and they are hereby reappointed to hold office until the next Annual General Meeting, their remuneration not to exceed \$15,000. (Carried.)

Mr. Alexander Bruce: Mr. President, I have much pleasure in moving that the thanks of the meeting are due and are hereby tendered to the President, Vice-President and other Directors for their careful attention to the interests of the Bank during the past twelve months.

The illuminating and instructive address delivered by yourself to-day, and the very important information afforded by the General Manager, must have brought home to every one of us a sense of the important aid that the banks have been able to render to the Government

of Canada and to the Empire indirectly towards the carrying on successfully of this terrible war that is never absent from our thoughts. I think the banks especially have done their duty remarkably well in this respect.

I think it is well, sir, that this address of yours and the facts that are brought out here should go to as large a proportion of the people of Canada and of the Empire as possible.

The motion was seconded by Mr. Robert Gill and carried.

The President: On behalf of the Board I wish to thank you very much for this resolution.

The Board of the Bank consists of men who have been as active in the work necessary for carrying on this country and carrying on the war, the two things together, as any similar body of men in Canada. Three of our most important Directors are not here to-day simply because their duties in connection with munitions are so exacting and so important. I refer to Mr. Flavelle, Mr. F. P. Jones and Mr. E. R. Wood.

On behalf of the Directors I thank you for your appreciation of our share in carrying on the work of the Bank.

Mr. J. K. Macdonald: I have very great pleasure in moving that the thanks of the meeting be tendered to the General Manager, the Assistant General Manager and other officers of the Bank for the satisfactory discharge of their respective duties during the past twelve months.

The report which has been laid before the meeting to-day is the best possible attestation to the very efficient way in which the General Manager and those associated with him have been able to conduct the business of this large institution. It means not only diligence, but enterprise and the best qualities that leaders can possess, and the very excellent statement which accompanies the

report presented by the General Manager is, I think, a good indication that the right man is in the right place.

The resolution was seconded by Mr. J. C. Breckenridge and carried.

The General Manager: Mr. President and Gentlemen: I have to thank the shareholders sincerely for this resolution. I feel that during all my previous experience in the Bank there has been no occasion when the thanks of the shareholders have been more deserved, particularly by the rank and file of the staff, as we have passed through a very strenuous year. I would like also to add my personal acknowledgment to the other executive officers, to the Managers and to the rank and file.

The statistics which we have given you to-day regarding the staff do not tell the whole story about our part in the war. Since the war broke out some thirty months ago we have actually lost 1,995 men. Up to date nearly 1,300 of these left the Bank to go to the front, and we have good reason for believing that a very large percentage of the others are also fighting for the Empire. We have been able to take care of the Bank's interests, notwithstanding all these heavy losses of men, by the employment of older men and of young women clerks, who have proved very satisfactory.

We have had other serious staff losses during the year, among them the untimely death of Mr. J. P. Bell, our senior agent at New York, already referred to by our President. Mr. Bell entered the staff as a lad some twenty-five years ago. He did important service for us at Dawson City; he was with me as Inspector at Winnipeg; he was in New York and in London, but he made his great mark in Mexico. Mr. Bell opened our branch in Mexico a few years ago and rendered both the Government of Mexico and the Bank very valuable services. We sent him to New York as our senior agent hardly more than a year ago. He died suddenly, within the last

two weeks, and we feel that if he had been spared to us he would have risen to an important position in international finance, as he was particularly capable in all matters relating to foreign exchange.

Mr. Jones: Mr. Chairman and Gentlemen: It affords me great pleasure to join with Mr. Aird in acknowledging the very kind resolution of thanks which you have just confirmed.

The spirit of such a resolution is very welcome to the staff at this time, as they have passed through a very strenuous year, laboring under many disadvantages which are inseparable from the conditions created by the war. You have learned of the large number of men who have left our service for the front, and we feel that this number will be increased during the coming year, but many, we hope, will return to us when peace comes.

In the meantime a great many of our senior men and some of the younger men are remaining with us from a deep sense of duty, and we require their services, as you have just heard, in carrying on the Bank efficiently. Munition workers are quite properly considered as serving their country, and the men necessary to maintain the efficiency that is required by the demands of this war should be left with us and should also be considered as performing their duty at home just as much as a munition worker.

A further consideration I think requires attention, and that is that bank officials on fixed salaries have probably suffered more from the pressure of the high cost of living than the majority of the community, and that they should have done so uncomplainingly redounds greatly to their credit.

I wish to associate myself with all that Mr. Aird has said regarding Mr. Bell, who was a particular friend of mine, and also in connection with his remarks regarding

the many brave fellows who have passed away at the front within the last year. (Applause.)

The President: Mr. Brown, the Superintendent of our Central Western Branches, is here. We would like to hear from him.

Mr. Brown: Mr. Chairman and Gentlemen: The manner in which this vote of thanks, which in most institutions is treated as a purely formal courtesy, is in the case of this Bank featured as regards the general staff, could only be justified or explained by a conviction on the part of the administration that its staff is far and away above the average, both as to loyalty and efficiency, and that such a conviction exists is, I believe, precisely what it is desired the shareholders shall know.

The institutional pride to be found everywhere among our men is so pronounced as to have provoked admiration and wonderment from some of our good friends among officials of other banks. I quoted once before, and I want to quote again, a question asked me by an official of another bank whose duties carry him over an extensive area of the Dominion: "Why was it that no matter where a Commerce man might be met, he was all Commerce?"

Now, while this admirable condition of affairs has been spoken of again and again at these meetings, the reason therefor has never been mentioned. As I am speaking on behalf of the staff, I think it is appropriate for me to say that the reason lies in the kindly and understanding spirit in which one general management after another has always dealt with those essentially human problems which arise in the administration of a large staff like ours.

It has been said at these meetings on several occasions that one of the Bank's biggest assets is its staff, but it is not possible that any of the shareholders realize the extent to which that is true. During the past few years the organization of the Bank has been systematized to a point

of superb efficiency, so that it is now, I believe, an unequalled school for the training of bankers in sound principles of finance and commerce.

Moreover, I should like to emphasize that the system has been built up and carried forward in such a manner as to insure that the lessons learned from all mistakes of the past forty or fifty years—experience dearly bought by this Bank in common with all other banks—will be available for the guidance of successive generations of executive officials and branch managers. During recent years infinite pains have been bestowed upon the training of the younger managers, and I venture to say that all this will be reflected on the future progress and prosperity of the Bank and also on the manner in which its obligations to the nation will be fulfilled in a way there will be no mistaking.

On behalf of the staff, I thank you. (Applause.)

Mr. Stewart Patterson: Mr. President and Gentlemen: I take much pleasure in thanking you on behalf of the staff generally, and more particularly of that section which I have the honor to represent, for the generous appreciation you have accorded our services during the past year.

No matter how large the capital of a bank, or how prominent and influential the directors, or how able the executive, the chief asset of a bank is a loyal, contented and efficient staff, and this important factor in its success The Canadian Bank of Commerce has cultivated to a high degree. This wise and generous policy is cumulative in effect, and I have no hesitation in saying that the future will bring even better and more satisfactory results.

Gentlemen, I thank you on behalf of the staff. (Applause.)

Mr. George W. Allan: Mr. President, I beg to move that the meeting do now proceed to elect directors for the coming year, and that for this purpose the ballot box be opened, and remain open until 3 o'clock this day, the poll

to be closed, however, whenever five minutes shall have elapsed without a vote being tendered, the result of the election to be reported by the scrutineers to the General Manager.

Mr. George G. Foster, K. C.: Mr. Chairman and Gentlemen: In seconding this resolution I desire, on behalf of the shareholders whom I more especially represent here, to extend to you, Sir, and to the officers of the Bank, our appreciation of the statements and information which have been placed before this meeting. You will permit me on this, the fiftieth anniversary of this Bank, to express the hope that for many years to come you may be permitted in health and happiness to preside over this great institution, towards whose success your great talents have in such a degree contributed. (Applause).

It comes to my mind, regretfully, as it often has in the past, that there are so many shareholders of banks who fail to appreciate the important part which they play in the development of a comparatively young country like Canada. We for many years have had worthy citizens, representing railway corporations, boards of trade, manufacturers' associations, and some politicians, who have dinned into the minds of the people so assiduously the manner in which they discovered this country and the way in which they have developed it, that shareholders of banks sometimes fail to appreciate the great national benefit which the investment of their money in banks has been.

Those of us who realize what has been done in Canada by its banks during the past and particularly during the last three years cannot but come to the conclusion that there are few opportunities given to the majority of the men and women in Canada by which they can with greater profit to themselves, and benefit to the country, invest their money than in any one of the great Canadian banks which to-day constitute the bulwark of our financial strength. (Applause.)

The resolution was then adopted and the meeting adjourned.

The scrutineers subsequently announced the following gentlemen to be elected as directors: Sir Edmund Walker, C.V.O., LL.D., D.C.L., John Hoskin, K.C., LL.D., D.C.L., J. W. Flavelle, LL.D., A. Kingman, Hon. Sir Lyman Melvin Jones, Hon. W. C. Edwards, Z. A. Lash, K.C., LL.D., E. R. Wood, Sir John M. Gibson, K.C.M.G., K.C., LL.D., Robert Stuart, George F. Galt, A. C. Flumerfelt, William Farwell, D.C.L., George G. Foster, K.C., Charles Colby, M.A., Ph.D., George W. Allan, K.C., H. J. Fuller, F. P. Jones, and H. C. Cox.

At a meeting of the newly elected Board of Directors held subsequently, Sir Edmund Walker, C.V.O., LL.D., D.C.L., was elected President, and Mr. Z. A. Lash, K.C., LL.D., Vice-President.

REVIEW OF BUSINESS CONDITIONS DURING THE YEAR 1916.

NEWFOUNDLAND	The St. John's Manager
THE MARITIME PROVINCES	The Halifax Manager
QUEBEC	The Montreal Manager
ONTARIO	{ The Assistant General Manager
MANITOBA, SASKATCHEWAN AND ALBERTA	{ Superintendent of Cen- tral Western Branches
BRITISH COLUMBIA AND YUKON .	{ The Superintendent of Pacific Coast Branches
THE UNITED STATES	{ The New York Agent and the Superinten- dent of Pacific Coast Branches
GREAT BRITAIN	The London Manager

REVIEW OF BUSINESS CONDITIONS DURING THE YEAR 1916.

NEWFOUNDLAND

Newfoundland has enjoyed a full measure of prosperity during the past year. Whether the times are good or bad depends upon the catch of fish in the surrounding sea and the condition of the foreign fish markets. The seal, cod and herring fisheries have had a good average season, and with the high prices prevailing their total value to the country may be placed at about \$12,000,000.

The local industries confine their operations to production for the home market. The demand has been good and manufacturers report a very satisfactory year. The pulp and paper mills have been actively employed and there has been the usual activity at the iron ore mines. Foreign war orders, which have given such an impetus to industrial life in Canada and the United States, are not a factor here.

The supply of ocean tonnage, which is an important consideration at the moment, has been materially augmented by the addition of a number of sailing vessels. These vessels are owned locally, produce a lucrative return at present freight rates, and add to the country's wealth by helping to solve the marketing problem. Since the ice-breaking ships were taken over by the Russian Government and a number of steamers were requisitioned by the Admiralty, steamship tonnage has been scarce and at times it is a serious problem to arrange for our imports.

A year ago imports had fallen to \$12,350,000 and exports to \$13,136,000. For the fiscal year ending June 30th, 1916, imports rose to \$16,427,000 and exports to \$18,969,000. The total, \$35,396,000, is a record for this

country, the previous high-water mark being \$30,685,000 in the year 1913. The larger figures are due in part to the high cost of all commodities, but there was an increase in exports of about 400,000 quintals of codfish as compared with the previous year.

Government revenues are increasing. The floating debt has been provided for by the successful issue of \$5,000,000 three-year bonds in the New York market. The people are prosperous, bank deposits show a moderate increase, and on the whole present conditions may be regarded as entirely satisfactory.

MARITIME PROVINCES

Apart from conditions arising from the war, there is very little of an unusual character to report from the Maritime Provinces. They pursue the even tenor of their way, furnishing no sensations, but always showing up well whatever the national situation may be.

In proportion to the male population eligible for military duty, the enlistment for overseas service, amounting to about 40,000 men, has shown a good degree of patriotism. Nova Scotia has the distinction of having 21,000 men under arms, of whom four battalions were recruited in less than thirty days. She now has the honour of having these troops in England completing their training together as the Nova Scotia Highland Brigade.

Notwithstanding this drain on the productive population, it is a matter of very great satisfaction that the returns from the rich natural resources of the three provinces show no abatement, but on the contrary, an appreciable advance all along the line.

The increased industry and efficiency to which this state of affairs must be attributed is perhaps the feature of most interest in our report this year, and the one that exhibits the tendency of most permanent value. It shows

that the population has met the war situation with a marked degree of determination and resourcefulness, and it gives us good ground to expect that the problems which will present themselves after the war will be met with equal success. One of these will be the large number of returned soldiers to be absorbed into civil occupations. To what extent it is wise for the local Governments to intervene will be an open question, but the opportunity which the surplus labour will afford for the undertaking of important works of a permanent character, will be one worthy of the careful consideration of the authorities. The building of main highways in Nova Scotia and New Brunswick may be mentioned as one of these which has long been deferred and which is vital to the progress of the country. Drainage is another; and, while conditions, apart from labour, might not be altogether favourable, reforestation might very well engage the attention of those responsible for the administration of the Crown Lands. Then, too, there are considerable areas in Nova Scotia and New Brunswick suitable for successful settlement by the discharged soldier or immigrant, possessing some capital, and the system of Government aid to settlers, already in force in both provinces, will, we hope, be largely utilized in the next few years.

Weather conditions in the Maritime Provinces seldom vary from well established averages. It follows that if the farmers, lumbermen and fishermen do their part well, the forces of nature are not likely to fail them. In the past season, agriculture gave bountiful returns. Soldiers on special leave from training camps helped at harvest time, and the crops were stored in good condition. The prices realized were above the average. Grain advanced 30 per cent. over 1915, meats 35 per cent., dairy products and eggs 35 per cent., apples 20 per cent., and potatoes, the latter a very large crop, 40 per cent. The yield of hay in Nova Scotia and New Brunswick was phenomenal, and there is

a large surplus for export which will command a very fair price. The number of horses and sheep in the three provinces will show a small increase, but it is to be feared that there has been a slight falling off in milch cows, cattle and hogs.

The steady increase in dairy products, which began about 1910, has been well kept up and is a satisfactory feature of the situation. Owing mainly to the dry weather in September and October, considerably less ploughing had been done last autumn when this report was written than in the previous year; we expect, nevertheless, that agricultural production will be well maintained in 1917.

Prince Edward Island, known locally with just pride as "The Million Acre Farm" and the "Garden of the Gulf," has for many years reached a high degree of cultivation and productiveness; and further improvement is now taking place owing to the increased use of mussel mud as a fertilizer, and the extension of tile drainage.

The fox industry is now on a commercial basis, and with a reasonable increase in numbers, the receipts from pelts will give a fair return on the money invested.

The noteworthy features of the situation in New Brunswick are the attention given by the Government to a scheme for land settlement after the war, a vigorous policy of agricultural education, and the increase of pure bred stock.

As pointed out in former reports, the Agricultural College at Truro is rendering most valuable service to Nova Scotia in training young farmers to recognize the many advantages to be derived from stock raising and dairying. On account of the high prices realized for wool and lambs, sheep raising has again attracted special attention, and it is hoped that at last a good beginning has been made.

The lumber trade was strongly affected by war conditions, but, notwithstanding all its ups and downs, a cut

estimated at 15 per cent. above that of 1915 was disposed of at a fair profit. The market for spruce in England opened strong and remained so until about midsummer, owing to the good demand for both ordinary and government requirements, aided by shortage of tonnage. Values in the early part of the year, based on the current c.i.f. price, and current freight rates, ranged from \$18.00 to \$19.00 per thousand feet f.o.b. for the usual deal specifications. This situation continued until the end of June, when a sudden drop in prices took place, owing to the falling off in government requirements, to labour troubles, and, in a smaller degree, to the increased supply of tonnage. During July and August many of the shipments arriving unsold did not realize sufficient to pay the freight, in some cases charters being 390 shillings and 400 shillings, whereas cargoes realized only £20 c.i.f. Expenses in connection with these shipments, such as war risk and marine insurance, discount, and selling commission, would amount to about 10 per cent., so that some shippers were in the unfortunate position of having to add about £2 per standard to the cost of the cargo in order to pay the heavy freight rate. Conditions improved considerably in October, and the present outlook is for a very fair market during the winter and spring of 1917. Stocks at the various British ports are considered ample but in no way excessive. The American market also opened strong in 1916, and good prices were offered for lumber suitable for that market. Owing, however, to the peculiar freight situation, much of it was sold on f.o.b. terms, and as freights advanced, and remained high all season, a considerable quantity is being held over for 1917 shipment. Principally on account of the scarcity of labour and the high cost of all supplies, the cut this season is not expected to be as large as last; but, as already stated, a good general demand is looked for, with large orders from the British Government. Pit props to the value of \$150,000 were shipped, and it is not improbable

that some further business in the same line will be done in 1917. The usual quantity of pulp was exported and brought profitable prices.

The fishermen had a good year. The quantity of fish secured by the merchants of the Provinces for their export trade was considerably below that of the previous year, but the estimated value was well up to that of 1915, or, a little short of \$15,000,000. Prices realized by the fishermen for all grades and varieties showed an average advance of 25 per cent. over 1915. American firms of large means from Gloucester are now active on these coasts buying up green codfish for the boneless fish trade. This makes it difficult for the smaller Maritime houses to operate, but our larger exporters of dried and pickled fish obtained fairly ample supplies by buying in cargo lots at Lunenburg, on the Gaspé Coast and in Newfoundland. This situation tends more and more towards the concentration of the export fish trade in the hands of a few large firms.

Notwithstanding the extremely high price of \$8.00 per quintal which has been paid to the fishermen for first grade dried cod, the demand from the consuming markets has been excellent, and exporters have had a very fair margin of profit. There is as well a steady demand for pickled fish at prices about 25 per cent. above those of 1915. All supplies are short and exporters have a larger margin of profit than usual. The trade in smoked and cured fish is also excellent, and war orders more than absorbed the surplus new stocks, which ruled firm all season. The trade in lobsters, both live and canned, was above the average in volume, prices were higher than in 1915, and the total value was estimated at \$5,000,000. The local supply of this product was completely sold out.

The quantity of coal mined for the twelve months to 30th September was an agreeable surprise. It amounted to 6,500,000 tons, or 100,000 tons more than for the same

period in 1915, and the result reflects great credit on the management of the several mines. There are considerable reserves of coal on bank, but not as much as at the date of our last report. The physical condition of the collieries, both above and below ground, is very good, and the present rate of output appears likely to be maintained.

The coal requirements of the transports and other vessels of the naval service created a new and large demand; and the extraordinary development of the war business of the steel companies at Sydney and New Glasgow, and of other manufacturing concerns, has led to unusually large local consumption. For these reasons the shipments of Nova Scotia coal to St. Lawrence points fell off about 50 per cent. The price of coal at the mines advanced from \$3.00 to \$3.75, but as wages and other items entering into cost of production have also increased, the advance was not considered out of the way.

The other mining industries show no important changes and have yielded average results.

Almost all our manufacturing establishments have felt the influence of the war. The already large plants of the Dominion Iron & Steel Company Limited and Nova Scotia Steel & Coal Company Limited have been extended until they are now great organizations with about eight thousand hands on their pay rolls working day and night to their full capacity. The affairs of these companies are in a very prosperous condition, and it is not expected that there will be any appreciable falling off in their turnover during 1917. The ordinary business of both companies showed some advance over that of 1915, and while there was a falling off in the output of rails, there was an increase in the production of wire rods and articles made of wire.

The other principal manufacturers of the Provinces, many of whom are working on war orders, are, as a rule, doing well.

As regards the general situation, labour has been getting almost whatever wages it demanded. This, with the rapidly increasing cost of materials, has restricted building operations, and checked the progress of public works. It has unfortunately also restricted wooden shipbuilding, for the revival of which the times were opportune. Nevertheless, about sixty schooners were laid down, aggregating 12,000 tons and costing over \$1,200,000. Some of these have already been completed and the remainder will be put into commission in 1917.

The first steel merchant steamship of any considerable size built in the Maritime Provinces will soon be completed at the yards of the Nova Scotia Steel & Coal Company Limited, and work on a second vessel of similar type and even larger size has been begun by the same company.

Real estate values, in both town and country, have fully held their own.

Wholesale and retail trade was satisfactory, and the generally higher earning power of the population appears to offset the increase of from 35 per cent. to 50 per cent. in the cost of living, though the salaried class is not so fortunate. Good increases were recorded in bank deposits and life insurance business. Subscriptions to the last Canadian War Loan were double those of 1915; and the earnings of the Government Railways and all transportation companies were the largest on record. Municipalities have reduced their borrowings to a minimum, and the floating liabilities of the business community have been at the lowest point in many years. Clearing House returns, and the business of the ports of Halifax and St. John, exceeded those of any previous period by at least 25 per cent. Commercial failures were the smallest for some time past.

Each summer brings an increasing number of tourists, and when the attractions of scenery and climate of these Provinces become better known, the business arising from the traffic will be of considerable importance.

From the above brief review it will be seen that the Maritime Provinces are in a strong economic position and will, therefore, we hope, be able to meet any emergency which the present abnormal state of world affairs may bring about.

Excepting to a limited extent in office work, it has not yet been found necessary to employ women in greater numbers than in former years; but, under the leadership which has already been proved to be so capable in other activities, we are confident the womanhood of the Maritime Provinces will be found ready if the call comes.

We should like to see more economy, but, as has been said before, prosperity seldom encourages thrift.

QUEBEC

The rising tide in business, which set in during 1915 through the stimulating effects of the abundant crops of that year and the enormous war orders placed with our manufacturers, has been steadily growing in force, and the Province of Quebec has shared to the full in the large measure of material prosperity which the grim necessities of the war have brought to this country. While the most remarkable commercial feature of the year 1916 in Canada has been the extraordinary output of those of our plants engaged in the manufacture of war supplies and munitions, this is a transient source of prosperity, and the development of our natural resources must still be regarded as of greater and more permanent importance.

The very wet and cold weather last spring was a serious drawback to all agricultural operations; seeding was delayed and the outlook generally was unpromising. The final result of the harvest was not, however, as unfavourable as was expected earlier in the season; and the high prices obtained for farm produce generally have fully compensated the farmer for the smaller yield of some crops. Hay, the principal crop in this province, did well,

and although the acreage this year was slightly less than in 1915, the yield was excellent, and the total crop is said to be the largest on record. The value of the hay and clover crop in 1915 was \$58,507,000 and it is thought that these figures have been exceeded this year. Oats were one of the poorest in yield of any crop sown, as, owing to continued hot weather during the ripening season, the grain did not mature or fill in. The total yield is estimated at 24,580,000 bushels as compared with 42,182,000 bushels in 1915. Barley fared rather better than oats, but neither quantity nor quality was up to that of the previous season. Wheat, little of which is grown in this Province, was considerably below the average in yield. The root crop was also below the average, potatoes being almost an entire failure in many districts owing to the cold, wet spring. The orchards produced large crops of apples of good quality, but the earlier varieties brought very low prices and in some districts the farmers fed them to cattle and hogs, or allowed them to go to waste. Winter apples, however, commanded good prices, although the quality in some cases was not up to standard. Small fruits were very plentiful and sold at average prices. The production of honey was about 2,300,000 pounds for the year.

The maple syrup and sugar industry in the Province of Quebec was never in a more flourishing condition than at present, especially from the farmers' point of view. The crop this year was on the whole not a large one, though in some districts in the eastern part of the province the output far exceeded that of any season for the past five years. There was a marked improvement generally in quality, resulting from the fact that through the work of the Agricultural Demonstration Department the farmers are becoming better informed as to proper methods of production.

Owing to the continued rains in the spring the acreage of tobacco planted was about 20 per cent. less than last

year, but, the weather in July and August being favourable, a crop of average yield was harvested under very good conditions. The quantity of marketable tobacco produced was about equal to that of last year, and the quality was somewhat better.

In all probability the dairying industry never had such a prosperous year, and the high prices of butter and cheese have greatly stimulated production. Pasturage has been excellent and conditions generally have been favourable, resulting in a satisfactory yield of milk throughout the season. The price of butter varied from $27\frac{1}{2}$ cents in April to $44\frac{1}{4}$ cents in November. Cheese sold at 18 cents to $19\frac{1}{2}$ cents early in May, declined to 14 cents in July on an irregular market, and advanced later to 25 cents. Although the export of milk and cream to the United States still continues, it is reported that a noticeable decrease has taken place during the past season. The shipments of milk to the cities of Montreal and Quebec increase steadily. The killing of very young calves, and the failure to raise young stock to replenish the dairy herds, evidence a serious lack of prudence and foresight on the part of our farmers, and as a result the number of milch cows in the province shows a large decrease this year.

It is satisfactory to note that more attention is being paid to improving the grade of live stock, and the Government is doing good work in distributing thoroughbred animals throughout the country. Cattle have done well during the summer, owing to the excellent condition of the pastures. According to the available statistics, however, there has been a steady decrease in number during the last few years, but owing to the very high prices obtained for butter and cheese, and the good supply of feed on hand, farmers will probably winter a large number of cows this year that under less favourable conditions would have been sold.

With the abundance of rough grain in the country during the first six months of the year, and the comparatively low cost, the raising of hogs proved very profitable. Unfortunately the Province of Quebec has not derived much benefit from these conditions, as the cold, wet spring caused the loss of a great many litters of pigs, so that this Fall has not registered the increase in production that was expected.

It is difficult to estimate the number of sheep and lambs in this province, as a large number have been exported from the country districts to New England. Although in the early spring it was reported that the wet weather had caused the loss of an unusually large number of young lambs, more lambs appear to have been marketed this fall than for some years past. Producers have received more for sheep and lambs this year than ever before, and, in addition, the high price of wool has made the pelts very valuable. This has encouraged the farmers to keep more ewes this winter, and it is likely that the sheep industry will continue to develop.

The number of horses on hand is large, but as a rule the quality is inferior. The Government has been in the market for military purposes, but has made very few purchases, being unwilling to pay high prices for the class of horse offered. Farmers in some districts have improved their stock of heavy draught horses during the last few years, but they have raised very few colts this year owing to the limited demand.

The following figures from the Census and Statistics Monthly, issued by the Department of Trade and Commerce, show the live stock on hand as at 1st July:

Quebec—	1915	1916	Decrease
Horses	372,567	332,628	39,939
Milch Cows.....	720,420	639,805	80,615
Other Cattle.....	612,500	535,693	76,807
Sheep	554,491	497,711	56,780
Swine	632,729	531,303	101,426

The great scarcity of labour is becoming a serious drawback to farming, and it has no doubt in many cases been the cause of a smaller acreage being cultivated this year than last. The trouble is being overcome to some extent by the greater use of modern farming machinery, and also by the assistance given to each other during the busy season by farmers living in the same neighbourhood, and it has not been an unusual sight this year to see women and girls working in the fields.

The total value of the fisheries of the Province of Quebec for the statistical year 1915-16 amounted to \$2,076,851, as compared with \$1,924,430 for the preceding year. Thus, notwithstanding the falling off in the catch of herring, there was an increase in the value of the output of \$152,421. The cod fishery was very successful, and these fish were not only taken in large quantities but were of excellent quality, and brought good prices.

The production of asbestos this year has been restricted by the shortage of labour and by a general strike which caused the shutting down of all the mines in August. The demand for the product has exceeded the supply, and prices for all grades of fibre have been the highest ever realized in the history of the industry. Although the increase in the price has been general it is most notable in the case of the long fibre, "crude," the highest grade, having advanced 300% over the quotations at the beginning of the year. These conditions are, no doubt, due in a large measure to military and naval requirements. The United States is now manufacturing more asbestos goods than ever before, and has, to a considerable extent, taken the place of Germany and Austria in this market.

The great demand for copper ores and the consequent high prices for this metal have brought about an increase of production in this province, the principal sources of supply being the mines at Weedon and Eustis. The total production in the province during 1915 amounted to 142,797

tons of sulphur and copper ore, the value being \$1,021,777, but it is expected that the quantity produced this year will considerably exceed these figures.

The activity in chrome mining which began in 1915 was continued throughout the current year, but under rather different conditions. The heavy demand, added to the difficulty of procuring this material, caused brokers to buy in this province, and as immediate requirements were very urgent the first shipments were chiefly obtained from the dumps around old workings. Much of this was very low grade, and before the end of 1915 purchasers refused to accept any ore containing less than 25% chromic oxide. As a consequence the current year's shipments have been of a good quality of ore, and have all consisted of freshly mined rock. The shipments during 1915 were 14,397 tons of a value of about \$200,000, as against 12,000 tons up to the end of October this year, and as the quality has improved the value will be in excess of that of any previous year.

There has been very little to note in the lumber business during the year. Building operations in Canada are still slack, and the latest advices indicate that the market for deals in the United Kingdom is well supplied. The export business in hardwood to British ports is mainly in birch, deals and plank. In this province hardwood lumber is manufactured only by the smaller mills and the output is comparatively unimportant. This is due largely to the difficulties incidental to the industry, the experienced labour required, and the lack of transportation, as logs cannot be floated to the mills. The demand this year from Europe has been good, but the difficulty of obtaining vessel space has checked exports. The export demand for war purposes, and the requirements at home for munition boxes, have materially reduced the stocks of lumber on hand. It would seem likely that the cut of logs this winter

will be very much restricted owing to the great scarcity of labour and the abnormally high cost of food supplies.

In our report of last year we stated that during 1915 pulpwood had been more or less of a drug in the market and that a great deal of the cut of the winter of 1914-15 still remained unsold, although the demand from the United States towards the close of the year showed some improvement. Since then the position has entirely changed. The pulp and paper industry has never been more prosperous than at the present time, and all the mills in Canada and the United States are operating to the extent of their capacity. Orders are being refused daily at prices that have never been offered before, especially for newsprint paper. Many of the mills are still under contract for their whole output at last year's prices, and as a result the benefit of the advance will not be felt until new contracts are made. The rise in the price of paper has been accompanied by a considerable increase in the cost of labour, chemicals, and other materials which enter into the manufacture of this product. The province leads in the production of pulp and paper in Canada, but separate figures are not available. Canada's daily output at the present time is about 1,800 tons and the consumption about 350 tons, the surplus being sold in the markets of the United States and Europe. New mills are being constructed, existing plants are being enlarged, and the daily production of newsprint will probably be increased by about 1,000 tons. Imports of sulphite and mechanical pulp into the United States from Europe have practically ceased and the Canadian mills are now supplying the deficiency, but it remains to be seen whether the American demand for pulp and paper will continue in sufficient volume to absorb the largely increased production.

Quebec, like Ontario, suffered serious loss through forest fires during 1916, large quantities of spruce and balsam, as well as of white pine being destroyed in this way. It is stated that forest fires in Ontario and Quebec

during the past ten years have wasted vastly more forest wealth than has been utilized as lumber and pulp.

The installation of new hydro-electric plants ensures an abundant supply of electric power for some years to come, and this will be a helpful factor in the development of manufacturing industries. This province, while possessing wonderful potential water powers, has been comparatively slow in extending the use of electricity, but the cheaper current which will probably be the result of the increased hydro-electric development will doubtless lead to its greater use for industrial purposes. No statistics are available as to the present output of power in the province, but according to a statement recently made by a leading financial journal the production of the established hydro-electric power enterprises in the district of Montreal is at present about 362,000 horsepower, and the ultimate development of these concerns and others in projection is estimated at 727,000 horsepower. The industrial requirements of the City of Montreal alone at present absorb about 100,000 horsepower.

The number of ocean vessels arriving at the port of Montreal this season was 685 with a total tonnage of 2,119,051 as against 815 vessels last year with a total tonnage of 2,261,374; thus, while the number of vessels has been less this year, the average cargo capacity has been greater than in 1915. They included more ocean going vessels, and coal, which has formed in other years a great part of the cargos from the Maritime Provinces, has been brought to Montreal in smaller quantities owing to the difficulty of getting tonnage. Grain has again formed the main portion of the export shipments.

The total exports of all kinds of grain from Montreal this season amount to 71,589,046 bushels as compared with 43,166,771 bushels in 1915, an increase of 28,422,275 bushels. The increase was mainly due to the enormous demand from the Government for oats, over 21,000,000

bushels having been shipped during the season. Barley also was in greater demand this year; possibly a large quantity of this grain was used in manufacturing alcohol for war purposes. The heavy exports of corn from this port during the season of 1916 as compared with those of 1915, are apparently accounted for by the fact that in 1915 the price of corn in the United States was high compared with the price ruling in the Argentine. This year, however, the exceedingly high freight rates have operated against shipments from the Argentine, and larger quantities of American corn have been shipped from Montreal.

The following figures show the volume of exports of each kind of grain during 1915 and 1916 from Montreal:

	1915	1916		Bushels
	Bushels	Bushels		
Wheat.....	34,319,628	35,462,656	Increase	1,143,028
Oats.....	7,265,560	26,216,786	"	18,951,226
Barley.....	1,397,014	4,000,120	"	2,603,106
Corn.....	166,375	5,201,056	"	5,034,681
Rye.....	.....	685,406	"	685,406
Peas.....	18,194	23,022	"	4,828
Total.....	43,166,771	71,589,046		28,422,275

The available figures regarding the export of hay to European ports indicate a falling off in volume this season, the shipments as at present reported being 1,489,878 bales as compared with 2,174,544 bales in 1915.

The exports of cheese from Montreal from 1st May to 1st December, 1916, were the largest for the past nine years, the shipments amounting to 2,142,699 boxes, valued at \$33,822,503, as compared with 1,851,731 boxes, valued at \$22,806,670, for the season of 1915.

The export trade in butter this year was the largest since 1906. The total shipments of butter from Montreal from 1st May to 1st December, 1916, were 177,189 packages, valued at \$3,426,741, as compared with 47,195 packages with a value of \$897,815 in 1915.

The exports of flour amounted to 4,575,989 sacks as compared with 1,613,214 sacks in 1915. The large

shipments this year were doubtless the result of Government requirements.

The year has been an inactive one in the real estate market, and transactions have been of similar character and volume to those of 1915. Liquidation in city and suburban properties bought during the boom of 1912-3 has been going on quietly, and fewer properties have been forced on the market than might have been expected in an abnormally dull period. Rents and values have been gradually settling to a more reasonable basis, and very little new building has been done. Improved farm lands have maintained their value.

The manufacturing industries of the province generally have had an exceedingly active and prosperous year, and this applies especially to the many plants engaged on orders for munitions. The textile mills have been working to full capacity throughout the year, and notwithstanding the advances in raw materials and wages, and the scarcity of dyestuffs, this industry has been very prosperous. Boot and shoe manufacturers have had a very busy year with satisfactory results, although the excessive prices of leather and the increased cost of production have been unfavourable features. The milling industry has been prosperous, consequent upon an urgent domestic and foreign demand for flour. The pulp and paper mills, to which reference has already been made, have had a record output. Wholesale and retail trade has been stimulated by the large amount of money in circulation, due to the heavy expenditure by the Imperial Government for munitions.

The scarcity of labour of every description, and the advancing cost of the necessities of life, have brought about serious conditions from which apparently no relief can be expected while the war continues. It is to be regretted that there is very little evidence that economy is being practised, although the necessity for systematic thrift was never more imperative than at the present time.

ONTARIO

While it is gratifying to record that with few exceptions the farming and business community of the Province of Ontario has enjoyed another year of abounding prosperity, yet it is to be regretted that the almost unprecedented weather conditions have been responsible for a considerable reduction in the yield of the various grain, root and other crops. The farmer, it is true, has been compensated for this condition by the sharp advance in the price of all farm produce, but it is doubly unfortunate that in a year when the demands of the War call for the greatest possible production, returns should prove so disappointing. The present high cost of living is principally due to this crop failure, and it is to be hoped that the agriculturist as well as all others will be impressed not only with the importance of increased production during the coming year, but also with the necessity for thrift in the consumption of all food stuffs. Their efforts in this direction will materially assist the country as well as the Empire in relieving the economic pressure incidental to the great struggle in which we are engaged.

As we have emphasized on more than one occasion, the general prosperity of the province largely depends upon the results obtained by the farming community, and for this reason the year just closed has been an anxious one. The cold, wet weather of early spring seriously interfered with seeding, and the drought and intensely hot weather during the summer months checked growth, and it is due only to the diversified character of agriculture in Ontario that the results have been at all commensurate with the labour expended. The total acreage under cultivation was slightly lower than that of the previous year, and the quantities produced show, with one or two exceptions, a considerable falling off, as will be observed from the following figures supplied by the Ontario Department of Agriculture:

	Acres	1915 Bushels	Per acre	Acres	1916 Bushels	Per acre
Fall Wheat	811,158	24,737,011	30.5	704,867	14,942,050	21.2
Spring Wheat	162,142	3,439,949	21.2	144,305	2,213,961	15.3
Barley....	552,318	19,893,129	36.0	527,886	12,388,969	23.5
Oats.....	2,871,755	120,217,952	41.9	2,689,762	71,297,528	26.5
Rye.....	173,736	3,210,512	18.5	148,738	2,354,410	15.8
Buckwheat.	193,497	4,278,366	22.1	229,205	3,261,888	14.2
Peas.....	126,943	2,043,049	16.1	95,542	1,243,979	13.4
Beans.....	62,863	882,819	14.0	53,999	583,105	10.8
Mixed						
Grains..	473,738	19,461,609	40.9	485,986	13,297,354	27.4
Potatoes...	173,934	13,267,023	76.	139,523	7,408,429	53.0
Mangels...	50,799	25,302,323	498.	42,793	9,756,015	228.
Carrots....	2,439	686,232	281.	2,391	331,124	138.
Sugar Beets	22,890	8,664,281	378.	22,482	6,023,938	268.
Turnips...	97,451	46,598,851	478.	91,670	24,067,699	263.
Corn for husking.	309,773	21,760,496	70.2	258,332	12,717,072	49.2
Corn for silo (tons)	443,736	4,874,377	10.98	439,411	3,276,185	7.46
Hay, Clover and alfalfa (tons)	3,231,752	4,253,763	1.32	3,471,984	7,200,047	2.07
	9,762,924			9,548,876		

On the other hand, owing to the increased demand for all commodities, the estimated value of the crop, \$260,000,000, compares favourably with that of last year, valued at \$267,000,000. The best cereal crop was fall wheat, but spring wheat, although an average crop, suffered more from weather conditions and is reported light in weight. Barley was below the average, while rye is reported to be a good crop. Oats, peas, beans and buckwheat were much below the average, unusually so in the case of oats, which were also light in weight. The acreage devoted to corn was above the average but unfortunately yielded the first poor crop for many years, with the result that many silos will be only partly filled. The various grass and clover crops, however, were extremely satisfactory, the total production being greatly in excess of an average year. They were harvested under ideal conditions, and it is fortunate that so much has been saved, as they will be required to carry the stock over the winter, owing to the lack

of coarse grains and roots. Root crops suffered greatly, the yield being considerably below the average and in great contrast to the banner crop of 1915. Potatoes in particular were seriously injured, very few districts succeeding in harvesting more than half a crop, while in others there was an entire failure, many farmers being forced to purchase their supplies from more favoured districts. This is the second year in succession that the potato crop has been a failure, and the result was about 11,000,000 bushels less than the average for the last 35 years, the yield being 53 bushels to the acre as against an average of 116.

The dry weather, coupled with the lack of satisfactory farm labour, has greatly retarded fall ploughing, and in many cases it was impossible to prepare the soil in time to sow fall wheat, the acreage of which is estimated at one-fifth less than last year. The later autumnal rains, however, together with a fair spell of open weather, have enabled the farmer to cultivate a considerably larger area than had at one time been thought possible.

With few exceptions the past season has been a disappointing one to fruit growers, the yield being light and inferior in quality. Apples were light and of poor quality and plums and pears were small and poor. The peach crop, on the other hand, especially in certain favoured districts such as the county of Lambton, was excellent, bringing good prices and encouraging the planting of new orchards. With the exception of cherries the yield of small fruits was under the average, and growers were severely hampered by the lack of labour.

Owing to the increased demand for canned goods of almost every description, the various canning factories prepared for a large pack, but the quantity of fruit and vegetables brought to market has been very disappointing, with the result that their output has been greatly reduced. Prices of canned goods are now about

forty per cent. higher than in previous years, and many lines of canned vegetables are impossible to obtain. This failure could not come at a more untimely season, although some indirect benefit may be derived from the lessons of economy in food which it will be necessary for all to practice.

The early pastures were in excellent condition, with the result that the output of cheese, butter and cream promises to exceed that of last year; and the demand at advancing prices was never greater. Cheese factories have been working to their full capacity, and in many districts the output will equal that of the previous year, notwithstanding the fact that following the severe drought of July and August there was a shrinkage in the supply of milk. The price of cheese at the factory recently reached 24 cents a pound, and averaged about 19 cents during the year as against 15½ cents last year. If, as is hoped, the output approaches that of last year in quantity, the value of this profitable industry to the farmer in Ontario can be estimated from the record figures of 1915, when the cheese output alone was valued at \$18,864,386.

All livestock fared well in the early summer and the dominating factor in the trade has been the continuous demand for beef and hog products in Great Britain and France, as a result of which the export from this country is much greater than that of 1915, and the prospect is for an increased demand in the coming year. High prices were obtained during the first half of the year, a maximum of \$14.51 per 100 pounds for dressed beef and \$17.59 for hogs—both record prices—having been reached in midsummer. The bulk of the supply to meet this export demand has come from the far West and the United States, but owing to the decided shortage of fodder crops, including straw for bedding, there has been a tendency latterly to dispose of stock in an unfinished state and too many calves have been killed. The outlook, therefore,

is not promising, as we are threatened with a scarcity of all live stock in the spring; in fact, the live stock industry in this province is now passing through a most critical period, and it cannot be urged too strongly upon farmers who may be considering the advisability of selling their stock, that the banks as a general rule are prepared to lend money to any reliable farmer to enable him to buy feed with which to winter his stock. There has not been much change in the conditions affecting the horse trade of the province, outside of the usual demand for the north-west and the enquiry for heavy horses for military purposes in connection with the artillery and transport branches of the service. So far as the Province of Ontario is concerned, the quantity of live stock on hand as at 1st July last shows little change as compared with that of the preceding year, judging from the following figures obtained from the Department of Agriculture:

	1915		1916	
	Stock	Sold or killed	Stock	Sold or killed
Horses.....	779,131	75,527	775,732	78,119
Milch Cows.....	1,022,518	.....	1,045,029	.....
Other Cattle.....	1,652,228	875,394	1,689,738	878,540
Sheep and Lambs.....	908,095	489,320	908,066	475,406
Swine.....	1,769,295	2,110,936	1,735,254	2,105,621
Poultry.....	14,273,091	6,764,069	14,377,844	6,774,884

The wet spring has impressed upon the farming community generally the necessity of tiling or under-draining, and more particularly in Essex and Kent a considerable quantity of tile has been laid this season. More drainage work would have been carried out had it been possible to secure satisfactory labour.

This difficulty of securing labour, abnormal, it is true, at present owing to enlistment, should bring home to the average farmer the desirability of improving conditions about the farm. The introduction of electricity into the farming districts affords an opportunity of using many labour-saving devices, and the gasoline tractor and engine,

where electricity is not obtainable, help to solve many difficulties. The necessity for solid pavements about the barn and cattle-sheds has been emphasized, and the use of concrete has placed the solution of this problem within the reach of the average farmer.

The good roads movement, which is well under way, should assist materially in ameliorating the conditions of life in rural districts, and it is satisfactory to note that twenty-three counties have now assumed the care of the county roads under the Highways Improvement Act, while the majority of the remaining fourteen counties are reported to be seriously considering the adoption of plans for the improvement of their highways, taking advantage of the financial assistance extended by the Government. The Toronto - Hamilton Highway is now completed and open for traffic from the easterly limit of Peel county to the city of Hamilton. The remaining five miles through the county of York are under construction and should be completed by August next. That the farmer appreciates the advantage of improved highways is evidenced by the increased sale of motors in country districts, and the time is not far distant when the motor truck will become a necessity to the progressive farmer. During the past season, for instance, produce from the vicinity of Burlington has been marketed by motor truck in Toronto at an increased profit to the farmer and with advantage to the consumer.

There has been a gradual improvement in the lumber trade during the past year due to the increased demand for building purposes, to war requirements, and to the improvement in the United States market. Operators, however, have been seriously handicapped by the lack of labour, and prices have not kept pace with the increased cost of production, which is estimated to be over twenty-five per cent. greater than in 1915. In the Georgian Bay district the cut was about normal, and the mills will be

kept busy until well into the winter months. The Canadian Northern Sudbury-Port Arthur line has opened up large forest areas for future operations, and it is estimated that over thirty camps will be in operation in this new district during the coming winter.

Northern Ontario, unfortunately, was ravaged during the past year by forest fires, which extended over an enormous area. Several towns were destroyed, with considerable loss of life and property, and an incalculable amount of valuable timber was destroyed. The dryness of the summer was in a measure responsible for the extent of this catastrophe, and it is satisfactory to note that more stringent measures are being taken by the Government to protect forest areas from fires, and that the fire protective work under the Board of Railway Commissioners has already been successful in reducing the number of fires.

Operations in the Ottawa Valley were less extensive than usual, the cut being some 375,000,000 feet as against a cut in normal years of 500,000,000 feet, labour conditions and increased expenses being largely responsible for the decrease. The principal market for the output is in the United States, and as prices show a marked improvement, the demand being continuously firm, the outlook is favourable. Another large market is Great Britain, and while buying was not as free as usual at the commencement of 1916, it steadily improved with a slight betterment in ocean freights, and latterly has been quite good. The home market has been small and largely depended on the demand for munition boxes, although the requirements of the building trade showed some slight improvement during the latter part of the year. The outlook for another season indicates lessened production in the woods and mills owing to the labour problem and the increased cost of supplies—in consequence the selling price of lumber should steadily rise.

The increase in the price of paper has stimulated the wood pulp industry enormously, and the output has been limited only by the scarcity of labour in the woods, all established plants working to the extent of their capacity and of the available supply of raw material. Large new limits have been opened up during the past year, and the operations of the plants at Iroquois Falls on the Abittibi River have been attended with such success that it is understood two new pulp plants are likely to be established in that district.

For the year ending December, 1915, the total value of the mineral production of Ontario was \$57,856,375, as compared with \$46,295,959 for the preceding year. The report of the Ontario Bureau of Mines for the nine months ending 30th September, 1916, exhibits important increases both in volume and in value as compared with the corresponding period of the previous year, as will be noted from the following table:

Product.	Quantity.		Value.	
	1915	1916	1915	1916
Cobalt ore, tons.	92	98	\$12,472	\$ 10,591
“ oxide, lbs.	135,337	378,732	107,363	231,947
“ metallic, lbs.	76,979	172,055	66,552	146,467
“ and nickel oxides (unseparated), lbs. ...	2,501	57,026	500	22,890
Copper ore, tons.		1,715		21,685
“ in matte, tons. ...	14,057	16,989	2,024,658	6,285,930
Gold, ounces.	281,712	363,955	5,826,941	7,513,734
Iron ore, tons.	302,586	271,034	601,044	673,170
Molybdenite (concentrates), lbs.		15,845		15,845
Nickel oxide, lbs.	142,483	54,152	16,085	6,381
“ metallic, lbs.	11,905	17,435	4,762	7,618
“ in matte, tons. ...	24,054	31,046	5,369,536	15,523,000
Pig iron, tons.	354,153	501,410	4,510,906	6,686,965
Silver, ounces.	17,178,629	16,203,091	8,030,469	9,750,040

On the basis of these figures it is estimated that the total value of the mineral production of Ontario will approach \$67,000,000. In this connection it is interesting to remark that the value of the mineral production of the

whole of Canada for 1915 was \$138,513,750, of which Ontario's share was over 41 per cent.

It is satisfactory to note the considerable increase in the production of gold, amounting to about twenty-eight per cent. over the figures of the corresponding nine months of 1915. The bulk of the metal comes from the Porcupine district, but other prospects in the northern district are now being developed and fresh discoveries have been made during the summer in Benoit township.

The Cobalt mines continue to produce silver in considerable quantity, although on a slowly diminishing scale, as is evidenced by the figures above, but the decreased output has been more than offset by the enhanced value of the metal, the price having advanced to $76\frac{5}{8}$ cents as compared with $56\frac{3}{4}$ cents a year ago. A matter worthy of note in this connection is the introduction of the oil flotation process in the treatment of tailings and low grade ores, by which method it is claimed many million ounces of silver will be recoverable from low grade ores. Cobalt oxides are also receiving considerable attention owing to the demand for them in the manufacture of special alloys, such as stellite, for high speed tools, and an increased output of these ores is the result; in fact it is anticipated that shipments containing little but cobalt will be made in the near future.

The great advance in the price of copper has stimulated the opening of several deposits of copper west of Lake Superior from which ore has been shipped to the British Columbia smelters. A considerable quantity of copper has also been obtained from the matte shipped from the Sudbury nickel-copper mine.

With regard to nickel, the two large companies at Sudbury have been working their mines and smelters at their maximum capacity. The output will probably exceed by twenty per cent. that of the previous year, and the price has advanced. A new company is making

preparations to enter the field and is expected to commence mining operations next year, the smelter is in course of erection near Sudbury and a refinery will be established in the province.

In view of the fact that the production of pig iron has increased during the past year over forty per cent., it is to be regretted that so few iron mines are in operation in Ontario, for large areas of valuable ore are to be found in the Lake Superior district. We again draw attention to the fact that the demand for iron pyrites has increased considerably during the year, and that a market has developed for another mineral, fluorspar, used as a flux in the production of open hearth steel.

The talc industry exhibits steady progress, and it has been aided by the increasing price of cotton, as the commodity is used in back-filling cotton piece goods. Feldspar, a mineral employed in the manufacture of pottery, promises to become an important article of export, for experiments have recently been made with a view to utilizing it in the manufacture of fertilizer, on account of the potash it contains.

Another mineral, which has come rapidly into prominence, owing to the demand for war purposes, is molybdenite, and several deposits of the ore in eastern Ontario are now being worked successfully. It may be stated that as a war measure the supply of molybdenite throughout the British Empire has been reserved by the government.

The season just closed has witnessed the movement of the largest tonnage in the history of navigation on the Great Lakes. This is largely attributable to the insistent demand for iron ore, which is the backbone of the lake trade, as well as to the large proportion of the grain crop of 1915 which could not be moved that year. Vessels accordingly have been fully employed and the demand for tonnage has been further accentuated by the transfer of a large number of steel freighters to ocean service, attracted by high freights

and the prices obtainable for almost any ocean-going cargo vessel.

In this connection it will be of interest to record the following figures obtained from a reliable source:

	Tons
British registered steel tonnage on Great Lakes in 1915.....	286,121
New tonnage built in 1916 for Lake trade.....	12,218
American boats purchased and transferred to British register..	15,349
	<hr/>
	313,688
Transferred to ocean service since May, 1915, to date, 50 vessels.	95,669
	<hr/>
British registered steel tonnage on Great Lakes at end of 1916...	218,019

In addition to the above, 40 American registered vessels aggregating 73,256 tons have also been transferred from the lake trade to ocean service. The effect of this extraordinary movement is reflected in the activity which has prevailed throughout the year in the shipbuilding yards, all of which have been fully employed either in building new craft or in repair work, for in addition to lake craft two large boats were completed for ocean service and sold to Norwegians, who also contracted for three other vessels. It is further reported that contracts have recently been closed for the construction of eight new steamers, six for ocean and two for lake trade, which will keep the yards fully occupied all winter and next summer.

The increase in the iron ore trade and the enormous quantity of grain moved is reflected in the figures of the tonnage which has passed through the American and Canadian canals at Sault Ste. Marie from the opening of navigation to October 31st:

	1915 Tons	1916 Tons
<i>Canadian Canal—</i>		
Freight.....	5,756,122	15,067,060
Vessels.....	6,853,021	11,466,044
<i>American Canal—</i>		
Freight.....	54,336,900	65,752,085
Vessels.....	41,009,237	49,631,360
<i>Both Canals—</i>		
Freight.....	60,093,022	80,819,145
Vessels.....	47,862,258	61,097,404

In the above connection it is satisfactory to note that the Canadian canal has received its fair proportion of the increased traffic.

As the records over a period of ten years of the tonnage moved indicate an increase year by year, there is every reason to believe that this will continue. High freight rates have prevailed, and it is reported that contracts are now being made for the carriage of iron ore during the coming year at \$1.25 per gross ton, which is one-and-a-half times more than the usual rate, while grain shippers are already offering the vessel-owners a seven cent rate for spring delivery at Buffalo without much success, as it is predicted that freights will be much higher next year owing to the scarcity of vessels.

In this connection it will not be out of place to publish the following figures showing the quantity of grain shipped through the terminal elevators at Fort William and Port Arthur up to the close of navigation this year and last:

	1915		1916	
Wheat.....	167,365,223	bushels.	181,685,991	bushels.
Oats.....	27,231,810	"	57,821,239	"
Barley.....	4,792,504	"	8,887,283	"
Flax.....	2,404,378	"	5,574,987	"
	<hr/>		<hr/>	
	201,793,915	"	253,969,500	"

The value of the fisheries of our Great Lakes for the fiscal year ending March, 1916, amounted to \$3,341,182, as against \$2,753,291 for the previous year.

Progress in the construction of the Welland Ship Canal has been delayed by the scarcity of labour, and while certain sections are well advanced, it is reported that some sections of the work will not be proceeded with until after the close of the war.

The principal factors affecting the general lines of manufacturing and trade in the province during the past year are:

(1) Increased output due to the demand arising out of military necessities, and to the increased purchasing power of the public.

(2) Increased cost of production due

(a) to the higher cost of labour and to the inferior quality of much of the help obtainable under present conditions

(b) to the higher cost of materials.

(3) The difficulty of advancing selling prices in proportion to the increase in cost of production, resulting in many lines in a smaller margin of profit, which in some degree counteracts the effect of the larger turnover.

The increased purchasing power on the part of the public referred to above is due very largely to the fact that the tremendous orders for munitions and other supplies for military purposes which have been received, have directly or indirectly affected every line of trade and manufacture in the country. The full force of this has only recently been felt. Last year's good crops also doubtless had their effect in enhancing the general prosperity.

The increased cost of materials of various kinds has two main causes, both due to the war:

(1) The cutting off of many foreign sources of supply at the outbreak of hostilities;

(2) The abnormal demand for many articles, needed for military purposes. This affects steel and other metals going into the manufacture of munitions, textiles of various kinds, hides, leather goods, food stuffs, etc., etc.

Wholesalers and large retailers have had to look to new sources for the supply of their requirements, to pay higher prices, to purchase on shorter terms of payment, and in some cases to pay for goods considerably in advance to ensure delivery when required. Consequently, the tendency has been to look for enlarged banking credits. On the other hand, manufacturers of munitions are able in many instances to do with less credit, because

they are furnished with raw material by the Munitions Board and are selling for cash.

Upon the termination of hostilities, it would seem inevitable that there will be a more or less sudden drop in the value of many articles, in consequence of which manufacturers and merchants have to deal on the one hand with the difficulty of obtaining the necessary supplies of merchandise to enable them to meet the needs of their customers, and on the other they have to avoid being caught at the close of the war with too great a quantity of goods on hand, which may be subject to severe depreciation in value. Losses in this connection are hardly to be avoided, but with proper management the situation should be met by setting aside a part of present profits in anticipation of adverse conditions during the year or two following the signing of peace.

Owing to the increasing requirements of our manufacturers (particularly those manufacturing munitions) and to the enlistment for overseas service, the demand for labour, both skilled and unskilled, during the past year has been greatly in excess of the available supply. This has resulted in employees being offered higher wages for both skilled and unskilled labour, in addition to which, in some cases, there has been a reduction in the number of working hours. The employment of women is becoming an important factor in many establishments, and there is every indication that female labour will become of wider importance.

The close of the war will no doubt occasion a re-adjustment of labour conditions which may for a time cause more or less embarrassment, owing to the sudden cessation in the demand for munitions and other war requirements, combined with the return of the soldiers from the front, some of whom will naturally seek their former occupation. This will doubtless result in a period of low wages and surplus labour and emphasizes the necessity for the exercise of

thrift on the part of all who are reaping the benefit of the present abnormal prosperity.

There has been little change in the real estate position during the past year, farm properties having maintained their value, although, owing to the pressure of the bad season there has been some tendency on the part of a few leaseholders in south-western Ontario to vacate their farms. Interest payments on mortgages have been up to the average, and there has been no appreciable increase in the demand for new loans. Urban properties have held their own with an increasing demand for the smaller class of houses, the rents for which have advanced. Business properties, office space, the larger stores and residences, however, are in little demand and rentals have been reduced in order to attract tenants. Apart from supplying the demand for increased factory space and small houses, the building trade has been inactive, and 1917 does not hold out much prospect of improvement.

The above survey of the salient features of trade in this province forces us to the conclusion that the present state of prosperity is almost wholly due to the abnormal conditions resulting from the War. This fact should be impressed upon the public by every possible means, in order that no member of the community may be able to avoid realizing the absolute necessity which exists, not only for increased production, but also for the conservation of all increased earnings, since the extent to which present private and public expenditure is curtailed will be the measure of the comfort or discomfort in which we shall pass through the severe period of readjustment that must of necessity follow the conclusion of the War.

MANITOBA, SASKATCHEWAN AND ALBERTA

On the completion of harvesting in 1915 it became evident that we had been favoured with a "bumper" crop, and the Northwest Grain Dealers' Association in

November estimated the wheat crop at 307,230,000 bushels, our own estimate at that time being 320,275,000 bushels. In previous years the Grain Dealers' September estimate has seldom been wide of the mark, but the farmers' deliveries to 31st August last revealed the fact that the 1915 wheat crop had exceeded even their November estimate by 70,000,000 bushels—that the crop had not merely been a “bumper” one, but represented a yield never before obtained in the grain-growing areas of any portion of western North America. The average yield of wheat for the three provinces was 30.2 bushels per acre.

In 1916 the crops again gave exceptional promise until the end of July, when for the second time in twelve years black rust swept over the wheat fields of the northwestern States and crossed into Manitoba, gradually spreading into the southern half of Saskatchewan. Over the greater portion of Manitoba the damage was so severe that many fields yielded nothing, others only 6 to 7 bushels of feed wheat, and the average yield for the province was only 11 bushels of a low grade. Fortunately, Alberta escaped entirely and most of northern Saskatchewan was affected only slightly, while in southern Saskatchewan severe damage was confined chiefly to the eastern half. Consequently, with the extraordinarily high prices prevailing, it has been a year of great good fortune for farmers in Alberta and in part of Saskatchewan, and a year of disappointment for farmers in the remainder of Saskatchewan and in Manitoba. Even as to the latter, however, it is to be remembered that it was not a season of general crop failure. Oats and barley gave a fair yield, so that mixed farmers in the rust affected areas have not suffered any marked set-back. In many parts of northern Saskatchewan yields were good and in Alberta, while not up to those of 1915, yields were nevertheless excellent, wheat averaging 25.3 bushels. In quantity, therefore, the 1916 crop compares less unfavourably than might be

supposed with those of preceding years, with the exception of 1915. The final figures for the years 1912 to 1915 in bushels and our estimate for 1916 follow:

	Wheat	Oats	Barley	Flax
1912....	176,860,000	220,327,000	39,600,000	22,000,000
1913....	181,900,000	224,270,000	51,161,000	14,093,000
1914....	140,031,000	162,460,000	35,763,000	4,000,000
1915....	376,448,000	389,000,000	59,692,000	6,770,000
1916....	171,120,000	267,480,000	43,240,000	6,490,000

Unfortunately, high grain prices have not been conducive to an improvement in farming methods. Farmers very generally have been tempted to seed the largest possible acreage during the past two seasons, so that much seeding has been done on poorly cultivated land or disced in on stubble, and the proportion of land in summer-fallow has been much less than the approved practice. The gamble, however, has been successful up to the present—indeed crops on summerfallow last season suffered more from rust than those seeded on other land, as is usually the case. The situation has been aggravated during the past two seasons by the unfavourable autumn weather conditions which greatly reduced the amount of fall plowing. Of the cultivated land 23% was summer-fallowed in 1916, as against 33%, the proportion recognized as desirable, and with the reduction in fall plowing we shall again be dependent on a favourable spring for a fair start for the next crop.

The live stock industry shows a continuing development, and reports from most districts indicate a more pronounced disposition on the part of the smaller farmers to acquire stock. The progress made last year and in the past five-year period is indicated by the following figures of farmers' holdings of stock issued by the Provincial Governments:

	1910	1914	1915
Horses.....	1,039,496	1,574,367	1,617,437
Cattle.....	1,822,020	2,460,419	2,687,566
Hogs.....	676,615	1,553,565	1,015,679
Sheep.....	352,379	754,040	793,601

Cattle and sheep appear to be more in favour at present than hogs, and this finds confirmation in the following statistics of the receipts at the Winnipeg stock-yards for the first ten months of 1915 and 1916 respectively:

	1915	1916
Cattle.....	110,057	120,064
Hogs.....	422,426	266,218
Sheep.....	9,952	15,656

In 1915 some 60,000 feeders sold at the Winnipeg stock-yards were shipped across the line and distributed among farmers as far west as Montana, to be finished for market. With a view to remedying this deplorable situation the Dominion Live Stock Commissioner and Assistant Commissioner visited Winnipeg in July last and held a conference with the Winnipeg section of the Bankers' Association, on the invitation of the latter, as a result of which the activities of the country bank managers were enlisted in a campaign to conserve our feeder and breeder stock by finding buyers among our own farmers for any such stock on the market. The department placed an agent at the Winnipeg stock-yards and agreed to pay the travelling expenses of farmers purchasing a car-load of stock, either for themselves or for syndicates of farmers. About the same time the Saskatchewan Department of Agriculture, on its own initiative, enlisted the co-operation of the banks in a similar movement for the benefit of Saskatchewan. The results achieved have been most gratifying, as is indicated by the following figures of the shipments of stockers and feeders sold at the Winnipeg stock-yards during the three busiest months, September to November:

	Shipments West	Shipments to United States
1915.....	3,504	26,132
1916.....	14,216	12,945

No doubt this change of destination was in considerable part due to the improved financial position of our

farmers, but the Live Stock Commissioner, after a trip of investigation through the West, gave much of the credit for the success of the movement to the systematic campaign carried on by the country bank managers to induce their farming customers to buy stock.

Dairying is developing in a most satisfactory manner in all three provinces. The following estimates of the value of dairy products have been furnished by the provincial Departments of Agriculture:

	1915	1916
Manitoba.....	\$ 2,203,000	\$ 2,760,000
Saskatchewan.....	4,800,000	5,415,000
Alberta.....	10,500,000	11,000,000
	<u>\$17,503,000</u>	<u>\$19,175,000</u>

The net result of the past two years has been to place the western farming interests in a condition of greater prosperity than ever before. How far this is the case is indicated by the fact that many farmers in Alberta and Saskatchewan who were under the necessity of obtaining seed, feed and relief from the Dominion Government in 1914, have succeeded in clearing off all their floating debts and have now deposits in the banks.

It is to be remembered, however, that this extraordinary change has been due to the marvelous crop of 1915 and to the war prices obtained for the last two years. For a continuance of our prosperity after the war we shall be dependent on a general increase in the efficiency of tillage methods and on the further development of our live stock industry. As regards tillage, the methods of the great majority of our newer settlers still leave much to be desired, and in no direction does after-war preparedness call more urgently for action. We are still very far from effectively linking the work of our splendid system of experimental and demonstration farms with the men on the land. We have made a very small beginning with the field agent system (by means of which the efficiency of

agriculture is being revolutionized in over 800 counties in the United States), but in this and other matters our progress is heart-breakingly slow.

Among the most excellent of our educational institutions are the agricultural schools of Alberta, of which there are three in operation, but although the Alberta Minister of Agriculture—to whom credit for the development is due—expressed the hope three or four years ago that he would soon have ten such schools established, no increase in their number has since taken place. Why? Is it merely for lack of funds? Could there be any form of preparation for the future quite so sure and thorough-going as that of training the new generation of farmers in the knowledge necessary for successful farming?

We are piling up our national debt by hundreds of millions to do our part in the defence of the Empire, but our agricultural industry, to which we must look for a large part of the production which is to enable us to carry our war burden, is being starved for need of a few hundred thousands.

With regard to general trade, the crops and high prices of the past two years have naturally created excellent conditions. The increase in the volume of sales of staple commodities has been somewhat as follows:

Lumber.....	37%	Wholesale Dry Goods.....	30%
Wholesale Groceries.....	11	" Clothing.....	33
" Fruit	35	" Boots and Shoes.....	20

The coal mining industry of Alberta, notwithstanding the shortage of labour, shows a very large increase in the quantity of coal mined, due partly to the increased demand and partly to the fact that a steadier production was rendered possible by dealers ordering supplies in good time instead of waiting until the approach of winter, the season of car shortage. The figures in tons for the past three years are:

1914.....	3,821,739
1915.....	3,434,891
1916.....	4,300,000 (Est.)

The immigration of settlers from the United States to the western provinces shows a revival. The figures for the ten months ending 31st October are:

	Number	Cash	Effects
1915.....	3,559	\$2,022,918	\$285,950
1916.....	4,788	2,825,756	854,152

As this movement has taken place in the face of a systematic campaign in the United States to discourage emigration to Canada by stories of conscription, war taxes, etc., it augurs well for the future.

Farm lands are again changing hands freely at satisfactory prices, the principal land companies reporting a pronounced increase in the volume of transactions. In southern Alberta, where land has been practically unsaleable during the past three or four years, several large purchases, at good prices and with substantial cash payments, have been made by American farmers for immediate operation.

In March last was held the first meeting of the Joint Committee of Commerce and Agriculture, the formation of which we reported last year—an organization consisting of twenty-five representatives of the principal business interests and an equal number of representatives of the farmers' associations, formed to co-operate in an endeavour to find a solution for common problems. The meeting extended over two days, and was entirely taken up with a discussion of the important subject of rural credits. It resulted in an arrangement being made for conferences at a later date between the farmers and the banks and between the farmers and the Mortgage Lenders' Association. These conferences were held in the month of July, and each resulted in an understanding being reached which should ensure a minimum of friction hereafter.

It is too soon to form an opinion as to the possibilities of this "getting-together" movement. It may safely be said, however, that the measure of understanding already

brought about has been productive of lasting good. Feelings of hostility and of suspicion have been softened on both sides; both have come to recognize the fact that the average man in every calling is animated by a desire to be fair, and the spirit of community service has grown appreciably. If, therefore, the farming and commercial interests succeed in finding a common ground on which they can pull together, the resulting benefits to the development of the West will be very great.

BRITISH COLUMBIA AND YUKON

Throughout British Columbia a much improved tone prevails in comparison with that recorded in our last report; business is larger in volume and improved in quality, while payments have been made with greater promptness than heretofore. There is a general scarcity of labour, though some improvement has taken place since the crops on the prairies were harvested and the labourers returned. The population of the province, however, has unquestionably been reduced, though mainly through the recruiting of over 30,000 men for overseas service. The cost of living, in this province as elsewhere, has increased, but a spirit of economy is more general and the people are becoming more reconciled to having to study what to do without rather than what to spend. The payment of municipal taxes has been much more satisfactory than was expected, and the feeling gains ground that we have definitely turned the corner of hard times. Real estate is dull, with few sales, except in one or two of the agricultural districts where some farms have changed hands at prices bearing some reasonable relation to the productive capacity of the property. In Vancouver the few sales which have been made have been at figures far below those of 1913, but houses and stores which were vacant last year are being occupied, though at comparatively small rentals.

Apartment houses are much better filled, owners exacting from their tenants rentals above those of 1915, and enquiries are being made for waterfront property. Building is almost at a standstill.

At the recent session of the legislature the scope of the Act relating to land contracts, to which we referred last year, was enlarged, and now permits the courts to grant relief to debtors in respect of payments of interest or taxes; a strong effort was made to include insurance premiums as well, but this was not successful. Another Act termed the "War Relief Act" was brought into force, whereby the wives and dependents of men enlisted for active service are immune from civil procedure for the collection of debts, other than for necessities, during the continuance of the war. While it is generally regarded as fair that those who are fighting for the defence of the country should not be harassed, it is inequitable that it should be made possible that the assets upon which a creditor relies for the collection of his claim should be dissipated or otherwise dishonestly disposed of to his disadvantage. A Prohibition Act has been enacted, to come into force on 1st July unless the soldiers' vote on the referendum reverses the present majority in favour of the Act, which will close all saloons, clubs, and other places, wholesale or retail, where liquor is sold for consumption in the province.

Agriculture has flourished; there has been a larger acreage under cultivation with the prospect of further increase, and prices generally have been an improvement over those of last year. The agricultural statistics for 1916 are not yet available, but are expected considerably to exceed those of 1915, which amounted to \$31,128,000, a gain of \$943,000 over the year preceding. Imports of agricultural products for 1915 were reduced by 35 per cent. as compared with 1914, and those of this year should show still further reduction. Dairying is becoming a more important feature year by year, and creameries are increasing in number; in

almost every instance they have proved a success. Poultry farming has been on the decline in spite of the very high prices, these being more than offset by the increased cost of feed. Cattle have done well, the price of beef being from $5\frac{1}{2}$ to $6\frac{1}{2}$ cents per lb., which is above the average of the past five years. Mixed farming is becoming more and more common, and there has been a steady increase in the flocks of sheep. The high price of feed has in one or two districts caused the farmers to kill off their pigs, but it is expected that there will be a resumption of hog raising when conditions become normal. The quantity of live stock in the province for the years 1915 and 1916 is estimated as follows:—

	1915	1916
Horses.....	57,500	55,500
Dairy Cattle.....	43,000	45,000
Beef Cattle.....	99,000	97,000
Sheep.....	43,500	45,000
Swine.....	36,500	38,000

It must be borne in mind that these figures cannot be regarded as accurate, there being no machinery in the Department or elsewhere for collecting such statistics; those given above have been furnished us by the officials most closely in touch with this subject.

The Agricultural Commission, established in 1915 to provide the farmers with advances at low rates for long terms, commenced its operations early this year, the sum of about \$1,000,000 having been provided for the purpose by the sale of its obligations which are guaranteed by the Government. Up to the time of writing 1,041 applications for a total of \$2,175,445 had been received, of which 144, amounting to \$234,430, had been granted, and 121, amounting to \$372,450, are now under consideration. The uniform rate charged is $6\frac{1}{2}$ per cent. per annum, the time of repayment ranging from three to thirty-six years.

Fruit production and marketing have now been placed upon a sounder commercial basis; the growers have at last

realized that fortunes are not to be made in two or three years, and that while it is possible to derive an excellent living from a well-cultivated orchard of moderate size, if the product is properly handled, hard work and a thorough knowledge of the business are absolutely essential to success. This year there have been shipped 2,517 car-loads of fruit valued at \$1,813,000, of which 1,861 car-loads, valued at \$1,330,000, were produced in the Okanagan district. The crop has been widely distributed to points in the United Kingdom, South Africa, the Australasian colonies, South America, Russia, Japan and the Philippines—Australasia taking over half, and the United Kingdom about 30 per cent. of the amount exported, which included only the higher grades. In spite of the duty on apples imposed by the Dominion at the beginning of this year, we still find the United States growers strong competitors. The crop, though larger than that of last year, because of the greater number of orchards in bearing, still fell somewhat short of expectations. The yield of apples, pears and strawberries exceeded that of 1915, but that of other fruits was somewhat lower; the increase in prices has more than compensated for the decrease in production. The establishment of cider mills, in order to utilize apples which cannot be shipped, is becoming a useful adjunct to the industry.

The lumber statistics for 1916 are not yet available, but for the twelve months ending 31st August last it is estimated that 1,000,000,000 feet were produced, as against 583,000,000 feet in 1915, which was less than the output of 1914 by 192,000,000 feet. Export business has ceased, but there has been a good demand from the Central West, where retailers are now carrying much smaller stocks; as indeed are the mills in this province, which on 30th September were stated to have 235,000,000 feet on hand as against 341,000,000 feet at the beginning of the year. Prices so far average \$3 per thousand higher than in 1915, and the

prospects of additional improvement are so good that it is felt that 1917 should be a year of very considerable activity. Shingles have been in active demand with prices higher than for several years. Sales of standing timber have been few, partly because no great bargains are offered, and partly because buyers from the other side of the line are somewhat in fear of taxation after the war.

Most satisfactory progress is recorded in the paper and pulp industries. New mills are being erected along the coast, where the sources of supply are practically unlimited. This industry calls for very heavy capital investment, and can be carried on satisfactorily only when in very strong hands. In 1915 the estimated value of the wood products of the province was \$29,150,000, of which approximately one-tenth consisted of pulp wood; the figures for 1916 are not yet available.

In fishing, so far as the sockeye is concerned, the season has been the worst on the Fraser River for many years, the pack being only 27,000 cases as compared with 108,000 in 1912, the corresponding year of the quadrennial period. The previous low record had been 60,000 cases. The poor result of the season's fishing is ascribable in the north to the cold weather causing the fish to lie deep in the water, and in the Fraser River to the depletion of the fishery. Below we give the figures of the entire salmon pack of the province for five years:—

1912.....	996,576 cases
1913.....	1,353,901 "
1914.....	1,111,039 "
1915.....	1,133,381 "
1916.....	995,065 "

The market is the strongest known, sales of the high grades having been made at \$12 per case, and the value of the pack is estimated at about \$5,500,000. It is expected that the season's pack will be disposed of by the end of the year, in fact contracts are now being made for 1917 on the basis

of a small run of fish, although, according to the records of the Fraser River, it should be the best year of the quadrennial cycle. It is unfortunate that the Governments concerned cannot reach an understanding whereby protection will be afforded to the salmon entering Puget Sound and the Fraser River. Too large a measure of politics enters into the settlement of these regulations, and unless the question can be dealt with on its merits, it seems to be almost assured that before many years this industry will be ruined. The fresh fish trade is handled mainly through Prince Rupert and has been successful this year, with higher prices. Below are the figures for 1915 and 1916:—

	1915	1916
Halibut.....	14,896,152 lbs.	21,140,800 lbs.
Herring.....	3,816,650 "	2,655,000 "
Salmon.....	17,407,830 "	21,941,700 "
Cod.....	121,000 "	660,400 "

The halibut banks, we regret to say, are becoming depleted, and as the fish is slow-growing, their preservation and renewal will involve not only drastic regulations, but a considerable length of time. The prices for this fish have been the highest on record—12 cents a pound as compared with 3 or 4 cents a year ago. The market for herring has steadily grown and is being developed both in the east and in the west. The catch of whales in British Columbia waters was 403 as compared with 229 last year, and the oil product has been sold at an advance of 50 per cent. as compared with the prices of 1915, which in turn were higher than in the year preceding. The entire fish product of this province for the year ending 31st March, 1916, was valued at \$14,538,000, an increase of \$3,000,000 over the preceding twelve months. The province produced 40 per cent. of the total fish output of the Dominion.

The copper industry has been very active, and has had the best year in its history, though hampered somewhat seriously by the inadequate supply of coke and the cost of

labour. It is expected that the output will be about 95,000,000 lbs., realizing \$25,051,500, as compared with 56,918,405 lbs. valued at \$9,835,952 in 1915; the average price this year was 26.37 cents per lb., 9.10 cents higher than that of 1915. The high prices have stimulated prospecting, which is actively prosecuted not only by local but by outside interests. Development is in progress in every section accessible by rail, including the west coast of Vancouver Island and the Skeena River in the north, where some small mines are shipping with good results. There is some likelihood that an electrolytic refining plant will be established at the coast. Molybdenite has been found in the West Kootenays, and indications of its existence have been discovered elsewhere. A revival of the mining industry has taken place in the Slocan district, which twenty years ago was an active producer of silver lead and returned good profits to many small operators. Coal has been in better demand; the production for the year is estimated at 2,267,198 long tons, as compared with 1,972,580 long tons in 1915, and it is probable that the exact figures will show an even greater difference between the two years. Operators have been considerably hampered by the shortage of labour, and in the majority of cases have been unable to complete their contracts. The production of zinc in the province is likely to become of some importance.

Shipbuilding all along the coast has received a new impetus through the necessity of providing bottoms for the export of lumber and other products. At present there are under construction at Vancouver and Victoria ten wooden vessels with auxiliary power, and two small steel vessels. In addition, Norwegian capitalists have signed contracts with Vancouver yards for three steel freighters of 8,000 tons costing \$1,250,000 each. The Canadian Pacific Railway Company has chartered several vessels for the Vladivostock route and the Union Steamship Com-

pany of New Zealand, the Japanese and the Dollar lines, are maintaining a satisfactory service to the Orient and to Australasia. The Panama Canal has been used to a small extent, but the majority of shipments to the Atlantic seaboard are made by rail.

In railway transportation the Canadian Northern Pacific and the Kettle Valley Railroad are in full operation, with excellent results to the sections through which they pass. The Pacific Great Eastern will eventually constitute the connecting link between the Grand Trunk Pacific and Vancouver on the south and the Peace River district on the north; it has 180 miles at present in operation with 300 miles in process of completion.

The Yukon district yielded during the year gold to the value of \$4,036,035 as compared with \$4,256,805 in 1915, operations, as for some years past, being almost entirely confined to dredging and hydraulic companies; eleven dredges and four hydraulic stations have been in operation in the district tributary to Dawson. Business generally has been fair, and while the outlook for the coming season is not very promising, a steadier payroll is expected, with resulting stability in trade conditions. Quartz mining has not prospered, and the silver mine at Mayo, some 350 miles from Dawson in the Stewart district, to which reference was made in our last year's report, has been shut down. Prospectors are still busy in the latter district, where a dredge for gold has been installed. Coal mining has not been carried on to the same extent as in 1915, the output being only 2,700 tons. Tourist travel increased, and a larger amount of freight has been hauled, chiefly material for the railway in Alaska. Copper shipments from the more southerly district surrounding White Horse are estimated at 36,000 tons for the year, and the prospects for an increase are good. Quartz mining in the neighbourhood of Taku Arm has met with

a measure of success, and an attempt was made to mine antimony, but without satisfactory results.

The capital invested in fox farming in the southern part of the Yukon is estimated to be about \$100,000, but those engaged in the business have not made profits this year, owing to the war.

UNITED STATES

I

The year just drawing to a close has been for the United States a period of prosperity without parallel in its history. In almost every branch of its foreign and domestic trade is reflected, directly or indirectly, the enormous opportunity literally thrust upon it by the European conflict, and the outstanding result is that the short space of two years since the war began has witnessed a striking reversal of position—from a debtor nation it has become an important creditor nation. The balance of trade in favour of the country for the eleven months ending 30th November, as shown by the following table, reached the large total of \$2,774,400,000 and registers a gain over the figures for the corresponding period last year of \$1,191,075,000.

	Jan'y to Nov. 1914	Jan'y to Nov. 1915	Jan'y to Nov. 1916
Imports.....	\$1,674,896,000	\$1,614,943,000	\$2,186,800,000
Exports.....	1,868,452,000	3,198,268,000	4,961,200,000
Excess of Exports.....	\$193,556,000	\$1,583,325,000	\$2,774,400,000

Some figures recently published show that during the period from August, 1914, when the war commenced, to September, 1916, the total trade balance in favour of the United States aggregated \$4,158,000,000, an amount at least equal to the estimated value of American securities held abroad on the former date. Taking as a basis the figures supplied by Mr. Loree, President of the Delaware & Hudson Railroad, in his last annual report showing the

amount of foreign-held American railroad securities liquidated during the year ending July 31st last, and the amount still remaining abroad at that time, it has been estimated that the total par value of American stocks and bonds of all classes so held at the end of September was only about \$1,600,000,000 as against a probable \$4,000,000,000 at the outbreak of the war. In considering the significance of these figures it should also be borne in mind that the annual charge against this country of about \$300,000,000, made up of tourists' expenditures and interest payments abroad, has disappeared. The former item has practically been wiped out, while in the case of the latter such payments as still remain to be met are more than offset by interest due on the various loans and credits granted outside its borders during the last two years.

The Federal Reserve Board has estimated that foreign loans held in the United States at the beginning of November amounted to \$1,931,000,000, apportioned as follows:

Europe.....	\$1,627,000,000
British America.....	212,000,000
Latin America.....	88,000,000
China.....	4,000,000
	<hr/>
	\$1,931,000,000

This country's total loans to belligerent Europe and Canada since the war began are reported as \$1,670,000,000, made up as follows:

Anglo-French loan.....	\$ 500,000,000
British two-year notes.....	250,000,000
British three and five-year notes.....	300,000,000
British Bank Credit.....	50,000,000
Russian Credit.....	50,000,000
French Collateral loan.....	100,000,000
City of Paris.....	50,000,000
Five French acceptance Credits totalling.....	175,000,000
Italy.....	25,000,000
Russian loan.....	50,000,000
Two Canadian loans.....	120,000,000
	<hr/>
	\$1,670,000,000

(\$45,000,000, in Aug., 1915, and
*\$75,000,000, in March, 1916)

*It is to be noted that \$25,000,000 of this amount was used to pay off an equivalent amount of the earlier loan at maturity.

From the foregoing it will be seen that the British Government's direct borrowings in this market during the war amount to \$800,000,000 and those of the Canadian Government to \$120,000,000. Included in these totals are three loans issued during the year now under review, *i.e.*, \$250,000,000 United Kingdom of Great Britain and Ireland two-year 5 per cent. collaterally secured gold notes of September 1st offered for subscription at 99, a similar issue of \$300,000,000 three and five-year $5\frac{1}{2}$ per cent. notes of November 1st offered at $99\frac{1}{4}$ and $98\frac{1}{2}$ respectively, and \$75,000,000 Canadian Government 5 per cent. Gold Bonds of April 1st maturing in equal amounts of \$25,000,000 each in five, ten and fifteen years, offered at 99.56, 97.13 and 94.94 respectively. Each of these issues was heavily over-subscribed and when listed their market value promptly went to a substantial premium over the subscription price, which up to the time of writing has been more or less steadily maintained.

Commenting further upon the subject of foreign loans, with which the American investing public was until recently quite unfamiliar, it is interesting to note that there are now marked evidences of growing interest in such securities shown in nearly all parts of the country. Under the lead of a few representative bankers and men of affairs, who appreciate the danger in too large an influx of gold, it is beginning to be generally understood that the enormous opportunities which recent world conditions have brought to the nation carry with them corresponding obligations which demand a careful study of the relation of international finance to international trade, and there is an apparently increasing appreciation of the fact that a continuance of the country's present prosperity must largely depend upon its readiness to extend liberally in one form or another wisely considered credit, unsecured as well as secured. One evidence of the growth of this conviction on the part of the exporter, for instance, is to be found in the

gradual lessening in the number of bank credits established for the financing of shipments from this side and the growing volume of dollar remittances arriving in payment for goods previously exported.

Gold imports during the eleven months ending 1st November amounted to \$480,000,000 as against exports of approximately \$100,000,000. The Government reports show that while the amount of gold in the country on 1st August, 1914, was \$1,887,270,000, on 1st November of this year it was \$2,700,137,000, an increase during the war of \$812,867,000. This, and the growing improvement in our banking system, have resulted in local money rates ruling at a low figure within very narrow fluctuations throughout the year in the face of an enormous and nation-wide expansion of business. In this connection there are evidences that the new gold is finding its way into the Federal Reserve Banks, and there seems reason to hope that there will be achieved that mobilization of our gold supply in the hands of the Federal Reserve System which was one of the main objects of its organization. A great deal has been said about the danger of currency inflation from the operation of the Federal Reserve law, and it seems pertinent to say here that up to the present time this fear has not found justification. The government returns show that in November, 1914, when the System went into effect, the paper currency in circulation was \$1,083,500,000—exclusive of gold or silver certificates and United States notes whose amount is fixed by law. On 1st November, 1916, the total of similar paper currency was shown to be \$955,000,000, from which it appears that during the two years' life of the System there has in fact been a reduction in the amount of \$128,500,000. In other words, the paper money issued by the Federal Reserve System is less by this amount than the total of National Bank notes retired, and was, on the date mentioned, entirely covered by gold. Below is a table showing the money of all

descriptions in circulation in the United States on 1st November, 1914, and on 1st November, 1916, with the circulation per capita on these respective dates.

	1914	1916
Gold Coin.....	\$ 665,854,219	\$ 650,123,528
Gold Certificates.....	913,347,859	1,562,373,319
Standard Silver Dollars.....	70,273,451	70,351,734
Silver Certificates.....	482,776,199	479,021,918
Subsidiary Silver.....	162,470,390	180,534,963
Treasury Notes of 1890.....	2,377,389	2,049,231
United States Notes.....	334,903,719	341,703,873
Federal Reserve Notes.....		236,251,605
Federal Reserve Bank Notes.....		10,888,860
National Bank Notes.....	1,083,519,080	707,863,158
Total.....	\$3,715,522,306	\$4,241,162,189
Population of continental United States estimated at.....	99,592,000	103,002,000
Circulation per capita.....	37.31	41.18

Under prevailing conditions the course of the foreign exchanges has not afforded the information commonly to be drawn from it. After touching in January the high and low points for the year, 477 and 473⁹/₁₆ respectively, demand sterling fluctuated narrowly and irregularly during the next four months between 4.75¹/₂ and 4.76⁵/₈, but from that time on the British authorities, through a wise use of their gold and their dollar borrowings here, have stabilized rates on a chosen basis of 4.75¹/₂-³/₄, which amply protects their own position and greatly simplifies Great Britain's trade operations in this country. On the other hand, as a large part of the local gold imports during the year, whatever their actual source, were for British Government account, and the great bulk of this country's exports have been to the Allied nations and have been largely financed through London, the exchanges on the other principal countries, except Germany and Austria, have not faithfully reflected the general position as between them and us. As a matter of information, however, we give below the high and low points touched by the rates of exchange upon each of the European countries during the year:

	Par	High	Low
French.....	5.1826	Jan. 6, 5.82 $\frac{1}{2}$	Apr. 14, 6.07 $\frac{1}{2}$
Italian.....	5.1826	May 1, 6.21	Jan. 16, 6.79
Russian.....	51.46	Sept. 1, 34.	Nov. 11, 29.50
Swiss.....	5.1826	Jan. 7, 5.15	Sept. 8, 5.34
Dutch.....	40.20	Jan. 8, 45 $\frac{3}{8}$	Sept. 10, 40 $\frac{1}{2}$ - $\frac{1}{8}$
Scandinavian.....	26.80	May 11, 31.25	Jan. 20, 27.40
German.....	95.28	May 10, 77 $\frac{1}{2}$	Nov. 21, 68 $\frac{1}{2}$
Austrian.....	20.26	Feb. 8, 15	Nov. 21, 11.85

Turning to the domestic business situation, reports from the greater part of the country indicate unparalleled industrial activity and a widespread increase in general business. It is noteworthy, however, that a full measure of progress is made impossible by constant strikes and inefficiency of labour and by the lack of proper railway equipment and terminal facilities, the effect of long years in which railroad revenue has been kept down by legislation to a point where reasonable development has not been possible. In connection with this matter and the serious situation which the railroads were facing immediately before the war, the *Commercial and Financial Chronicle* in its issue of 14th October last presented an interesting statement of the gross earnings, operating expenses and net earnings for the two fiscal years ending 30th June, 1915 and 1916, respectively, of all railroads in the United States whose annual gross earnings were \$100,000 or more. The following extract from the article accompanying the tabular statement contains all the more important figures given in the latter and is highly illuminating in its exposition of the startling changes in earnings brought about by the war:

"The striking feature in the tabulations is the magnitude and widespread nature of the improvement disclosed. In the latest year a wonderful revival of business activity occurred all over the United States as a result of the demand upon this country of the belligerent nations of Europe for commodities and supplies of all kinds, and the effect has been to swell railroad traffic to proportions never previously

attained. Little evidence of improved results appeared until towards the close of last September. Previously the railroads had been on the down grade for years, and their prospects appeared exceedingly gloomy. Now, all of a sudden, a complete change occurred, and since then their outlook has been steadily brightening, so much so that there would be warrant for regarding their future with entire confidence were it not for the imperious demands of railroad labour and the disposition of the legislative and executive departments of the Government to gain advantage for the same at the expense of the roads.

"In the gross earnings the improvement, as compared with the twelve months preceding, amounts to no less than \$522,497,496, and even in the net the gain reaches the imposing amount of \$330,830,283. The gross earnings have risen from \$2,974,724,652 to \$3,497,222,148, and the net earnings from \$876,801,718 to \$1,207,632,001. In ratio the gain is 17.56 per cent. in the gross and 37.61 per cent. in the net.

"The significance of these large gains should not be misunderstood. They do not constitute an absolutely new addition to income, either gross or net, but represent to a very considerable extent a recovery of previous losses. Until the change came in the late year, the roads had for a long period of time been making poor or indifferent returns. For instance, two years ago, in presenting a similar tabulation, we found that in the fiscal year 1913-14 there had been a loss of \$79,479,672 in gross and of no less than \$110,914,046 in net. In 1914-15 there was a further decrease in gross but a slight recovery in the net, though we did not then make up the figures in their present form. In a general way, it may be said that the net for 1914-15 was at least fifty million dollars less than what it had been five years before, in 1909-10. In the same interval the capital investment of the roads increased by three to four billion dollars, so that at a time when there was pressing necessity

for an expansion in income, so as to show a return on the new capital put into the properties, earnings were actually declining. Now, all this has fortunately been changed, at least for the time being, and that constitutes the gratifying feature in the situation. But considering the antecedent lack of growth, the margin of safety, even after the late year's large gains, is none too large."

As shown in the following figures, wheat, corn and cotton are all far short of the average, while the first two show an immense crease from last year's yield. The compensation, however, lies in the record prices to which these staples have climbed. At the time of writing cash wheat is quoted at slightly over \$2.00, which is the highest point touched since 1888, and corn at \$1.12, the highest since 1864. Cotton futures at about 20 cents per pound are at the highest point reached in over forty years, while the spot price is within a fraction of a cent of the same record.

		1916	1915	5-year
		estimate	crop	average
Crops				
Corn	(bushels)....	2,643,508,000	3,054,535,000	2,732,457,000
Wheat	"	607,557,000	1,011,505,000	728,225,000
Oats	"	1,229,182,000	1,540,362,000	1,157,961,000
Barley	"	183,536,000	237,009,000	186,208,000
Cotton	(bales).....	11,637,000	11,192,000	14,259,000

In its bearing upon the effects of the country's unprecedented prosperity, as outlined in this report, it is significant that according to the Sauerbeck "index number" the average price of forty-five typical commodities at the end of August was 134½. In August, 1915, it was 107, and in August, 1914, it was 87.9, while for the high-price year 1873 the average was 111. In the face of this, and of the desire of all classes to share in the luxuries incident to so general a prosperity, it is not surprising that labour problems of a most serious nature have presented themselves. The solution of these difficulties, even for the time being, upon a basis which will be equitable in the present and which will not unduly prejudice similar adjustments in an uncertain

and perhaps less prosperous future, will call for great ingenuity and a high order of statesmanship on the part both of the Government and of all employers of labour.

Many and widely divergent views are expressed on all sides as to the various trade and other problems which the country must be prepared to face in post-bellum days. It is inevitable that many of these views should eventually be modified by the duration of the war, the degree of exhaustion finally experienced by the various belligerent nations and the consequent extent of their immediate ability actively to take up the work of general reconstruction when hostilities have ceased, but it is wholesome that there should be an appreciation in many quarters here of the fact that in all likelihood the American people, fattened and enervated by a practically non-competitive industrial prosperity of tremendous proportions, will then have to contend against European nations hardened and invigorated by the rigours of war, careful living and studied economy, all anxious to recover lost ground in the markets of the world. With this in mind a well directed foresight courageously exercised now may serve to avert many serious difficulties and problems later on.

II

In the three Pacific Coast States, Washington, Oregon and California, conditions vary considerably. In Washington, business has shown much improvement, and in all lines is regarded as the best since 1907, though probably fifty per cent. of the increase is ascribable to higher prices. Payments have been excellent, and the trade with Alaska continues to grow. Prohibition has been in force in both Washington and Oregon since the beginning of the year, and while rentals on some of the main thoroughfares of Seattle have been somewhat lowered, stores in the business districts formerly in use by the liquor interest are fully

occupied. The foreign trade of Seattle has broken all records, placing the city well in the front rank in the United States. The export of flour has practically ceased, Australian millers having obtained the business formerly handled here, and the Puget Sound mills are turning their attention to South American markets. Farmers as a whole are prosperous and are trying the experiment of growing soya beans, which are now imported in large quantities to obtain oil for the manufacture of soap.

Shipbuilding has received great impetus from the war, and in the State of Washington an aggregate tonnage of 350,000 is either under contract or has been completed during the year. In Oregon there are thirty-nine ships on the ways or under contract, valued at \$22,000,000; these are mainly small steamers or schooners with auxiliaries for coastwise service, but some are steel vessels of 3,000 to 8,000 tons. There has been more or less depression in the lumber market of the State of Washington during the year, but there has recently been a marked improvement. Prices of all grades have advanced considerably, and a further increase is expected, particularly in view of the improved arrangements for export business which have been made by most of the tidewater mills on the coast of Oregon, Washington and California. The cut is expected to amount to 3,900,000,000 feet as compared with a normal output of 4,500,000,000 feet. Standing timber is lower in price than at any time during the last decade.

The salmon pack has been completely disposed of; that of sockeyes on the Puget Sound was a failure, being the smallest on record; the Alaska pack, on the contrary, has been up to the average.

Building permits at Seattle amounted to \$7,378,000 for the ten months ending 31st October, as compared with \$5,066,000 for the corresponding period last year.

The wheat crop in the three states of Washington, Oregon and Idaho amounts to 54,200,000 bushels; this

reduction of about 14,000,000 bushels from the figures of last year is to be ascribed to the large amount of land under summer-fallow. Prices for wheat are the highest in the last twenty years, and the crop is expected to realize \$75,000,000. Seventy-five per cent. of it has already been sold, the greater part being shipped to Great Britain by rail to the Atlantic seaboard owing to the dearth of shipping on this coast. The crop of barley amounts to 15,960,000 bushels, about the same as last year. Oats were of good quality, and the crop of 34,000,000 bushels is approximately 4,000,000 bushels in excess of that of 1915. The crop of hay has been smaller, but owing to higher prices is valued at \$85,000,000. Hops in Oregon and Washington amount to 126,000 bales, a reduction of 22,000 bales as compared with 1915; prices are slightly lower. The quantity of live stock on hand has increased.

In Oregon the production of lumber amounted to 1,500,000,000 feet as compared with an average of 2,000,000,000 feet; prices have ruled higher and the industry is in a healthy condition.

California gives evidence of greater prosperity, more because of enhanced prices than because of increased production. The fruit crop was somewhat below normal, and the growers have been hampered by the shortage of transportation facilities. California is the largest producer of canned fruit of any State in the Union, but its export has been limited by war regulations. The value of the products of orchards, gardens and vineyards, not including farm products, is estimated at \$150,000,000.

The export demand for lumber was above the normal during the early part of the year but has since fallen off, and the domestic demand has been small. Activity and prosperity are recorded in the mining industry, the production, including oil, being estimated at over \$100,000,000. The output of gold amounted to \$25,000,000, and that of copper to \$10,000,000. The estimated pack of salmon on

the whole of the Pacific Coast, excluding British Columbia but including Alaska, is this year 5,950,000 cases as compared with 6,055,000 cases in 1915; the demand has been strong, and the pack has been marketed. Cotton of good quality is now being grown south of San Francisco. The production of rice increases yearly and the State now has a surplus for export.

The Hawaiian Islands have had a particularly prosperous year. The total output of raw sugar has been 588,000 short tons and prices have been high. The principal sugar companies have paid dividends amounting to \$11,000,000 upon a capital of \$60,000,000.

GREAT BRITAIN

In the greatest war of all times this country has been called upon to assume financial burdens which it would at one time have been thought impossible for it to support, and under this supreme test has succeeded in sustaining in all respects its great traditions of financial supremacy and resourcefulness.

During the year 1916, the United Kingdom has provided five or six million pounds a day for national expenditure, including the cost of the army and navy, advances to the Allies and overseas Dominions, and the amount required for the general purposes of the state. The gross expenditure from the beginning of the war until the end of the present financial year—31st March, 1917—is estimated at £3,883,000,000. The amount required has been raised by taxation and by various forms of war loans in a manner in which it probably could not have been accomplished in any other country.

The amount produced by taxation during the first eight months of the war was £172,000,000, and for the fiscal year ending 31st March, 1916, £337,000,000, while it is anticipated that for the year ending 31st March, 1917, the

amount will be £502,000,000, aggregating £1,011,000,000 for a period of two years and eight months. After deducting advances to the Allies and the Dominions, which amount approximately to £800,000,000, payment of which will be arranged after the war, one-third of our total expenditure to 31st March, 1917, will have been raised by taxation. The United Kingdom will thus have provided by taxation not only for ordinary expenditure and interest on war loans, but also for a large contribution to the cost of the war.

After the issue of the 4½ per cent. War Loan in 1915 further borrowing was done by the following methods:

(1) Treasury Bills at three, six, nine and twelve months; maturity, issued at a discount of five per cent. per annum.

(2) Exchequer Bonds at par maturing in 1919, 1920 and 1921, bearing interest at the rate of five per cent. per annum;

(3) War Expenditure Certificates at 89, not bearing interest, redeemable in two years;

(4) War Savings Certificates, free of income tax, not bearing interest, but redeemable in 5 years at the rate of £1 for every 15s. 6d. invested, subscriptions in any one name being limited to £500.

In July, 1916, the rates for Treasury Bills were increased to five and a half, five and three-quarters and six per cent. discount for three, six and twelve months' maturities respectively. This led to a large increase in the demand, and when the amount outstanding reached £1,000,000,000 on 27th September, 1916, the rates were reduced to five and a half per cent. for all maturities. An endeavour was then made to divert the flow of money to a longer dated investment. The issue of five per cent. Exchequer Bonds was discontinued and a new issue was announced of six per cent. Exchequer Bonds at par, maturing in 1920. These highly attractive terms could not fail to appeal to investors, and a large amount of new

money has been and is still being subscribed in this way, while at the same time applications for Treasury Bills continue in excess of the amount maturing.

By these varied methods of attracting money for investment in war loans, a wide field was covered and in addition a campaign of thrift has been carried on during the year, War Savings Associations having been formed throughout the country with the idea of educating the working classes, especially munition workers, to invest a portion of the high wages they are now receiving. In this connection and to enable people of small means to invest in these securities, arrangements were made for the issue through the Post Office of War Savings Certificates and Exchequer Bonds in small denominations. A considerable measure of success has resulted from these efforts, the amount which the small investor has contributed to the cost of the war being estimated at £90,000,000.

The war loans payable in Great Britain and outstanding on 18th November, 1916, are as follows:—

Treasury Bills.....	£1,113,106,000
3% Exchequer Bonds, 1920.....	21,659,700
5% Exchequer Bonds, 1919.....	34,222,000
“ Exchequer Bonds, 1920.....	237,828,569
“ Exchequer Bonds, 1921.....	62,464,000
6% Exchequer Bonds, 1920.....	101,850,000
War Expenditure Certificates.....	28,156,500
War Savings Certificates.....	35,800,000
3½% War Loan, 1925-28.....	62,774,400
(Original issue £350,000, of which part was converted into 4½% Loan and part was cancelled)	
4½% War Loan, 1925-45.....	889,997,072
(£582,630,000 represents cash subscriptions, the balance being conversions of other securities)	
	<hr/>
	£2,587,858,241

In view of the large number of men transferred from civil occupations to military service and the consequent curtailment of output, it is surprising that there has not been a great decrease in the export trade. On the contrary, however, for the ten months ending 31st October, 1916, the

figures of the Board of Trade Returns show an increase of £109,000,000, as compared with the figures of the corresponding period in 1915. The excess of imports over exports for the first ten months of 1916 is £276,000,000, or at the rate of £330,000,000 for the year. This compares with an average excess of £125,000,000 a year in normal times, but it must not be overlooked that the increase in the figures is partly a result of higher freights. The figures of foreign trade, excluding gold and silver bullion and government purchases in overseas countries, are as follows:—

	Imports	Exports Including Re-Exports
Year ending December, 1912.....	£744,640,631	£598,961,130
“ “ “ 1913.....	768,734,739	634,820,326
“ “ “ 1914.....	696,635,113	526,195,523
“ “ “ 1915.....	851,893,350	483,930,629
10 months ending October, 1916.....	784,996,000	508,583,000

The government has been purchasing supplies in the United States for some time past at the rate of between £10,000,000 and £12,000,000 a week, and as these figures are not included in the Board of Trade returns the entire trade balance against the United Kingdom must therefore be taken at approximately £850,000,000 for the year. Against this balance should be offset the amounts due to this country for interest, freight, insurance and other items, but the remainder, the amount of which cannot be readily estimated, must be liquidated by selling securities, borrowing abroad, or exporting gold.

To provide for the heavy indebtedness to the United States, steps were taken to mobilize for sale in the United States the American dollar securities held in this country, and the Treasury was able, owing to the current rate of exchange, to offer attractive prices for them, but notwithstanding that a large amount of these securities was thus obtained, the Government considered it advisable to take strong measures to secure a larger supply and levied a

special tax of two shillings in the pound on the income from any securities appearing in the published lists of those they were prepared to purchase. Subsequently, in order to provide collateral for loans raised in the United States, the Treasury approached holders of suitable securities, requesting the loan of them under specified conditions, offering as an inducement to pay an additional half per cent. interest. These proposals are still open at the time of writing. Including British municipal loans and a half interest in the Anglo-French loan of \$500,000,000, Great Britain has, it is estimated, borrowed in the United States \$858,000,000 up to 1st October, 1916. In addition large amounts of gold have been shipped to the United States and by means of all these operations the rate of exchange has been steadied at 476.50, the gold export point at the present time, when the cost of freight and insurance are taken into consideration. It is not possible to ascertain from any figures published here the amount of gold sent to the United States by Great Britain, France and Russia, but it is estimated that from the end of 1915 until the present time the total is approximately £100,000,000. The payment of such a large proportion of Great Britain's obligations in gold and the consequent increasing danger of inflation have had the effect of creating in the United States some discussion as to the advisability of making loans without collateral to Great Britain and France. The granting of such loans, coupled with some reduction in the orders for munitions, should considerably lessen the pressure for further shipments of gold from this country.

The Bank of England as a central bank has had many difficult problems to face, one of them being to keep firm control of the money market. As the raising of huge loans by the government caused expansion, with a consequent surplus of available funds, this artificial situation, if it had not been kept well in hand, might have encouraged speculation, but the Bank of England called

the large banks into consultation and arrangements were made to reduce to reasonable limits the supply of funds available for market purposes. Another function of the Bank is to take steps when necessary to exercise some control over the foreign exchanges. In this connection it may be noted that the Bank rate remained at five per cent. from 8th August, 1914, until 13th July, 1916, when it was raised to six per cent. and has since remained unchanged. No doubt this action steadied the exchanges, especially those with neutral European countries, by attracting money to this centre, the rates for deposits and Treasury Bills having been adjusted to the higher bank rate.

The following table shows the fluctuations of the exchanges:—

	Rate just prior to War	Dec. 1915	Nov. 1916
Paris cheque.....	25.18	27.60	27.78
Amsterdam cheque.....	12.14	11.25	11.66
Italy cheque.....	25.30	30.90	31.99
Switzerland cheque.....	25.18	25.20	24.60
Madrid cheque.....	26.15	25.00	23.06
Petrograd cheque.....	96.10	149.00	156.75
Scandinavia cheque.....	18.25	16.60	17.25
New York cable.....	4.88	4.72	4.76
Rio de Janeiro 90 d/st.....	15d.	12d.	12d.

As Great Britain controls about seventy per cent. of the world's output of gold, the large payments already referred to have been effected without reducing the amount held by the Bank of England—indeed, as the following comparative figures of the Bank statement show, its holdings of gold are now £5,000,000 higher than in December, 1915:—

	1915 December 29	1916 June 28	1916 November 22
Coin and Bullion.....	£ 51,476,407	£ 61,379,728	£ 56,408,033
Circulation.....	35,309,255	35,899,230	36,919,590
Deposits.....	161,649,874	155,650,039	160,998,373
Securities.....	144,915,726	129,500,216	140,822,004
Reserve.....	34,617,152	43,930,498	37,938,443
Rates of Reserve.....	21½	28¼	23½

During the past eleven months the currency notes and certificates outstanding, as indicated by the statement attached, have increased to the extent of £32,683,000:—

	1915 December 29	1916 June 28	1916 November 22
Currency Notes and Certificates outstanding.....	£103,125,099	£122,099,278	£135,808,274
Investment Reserve Amount.....	729,328	1,704,004	2,802,592
Advances to Banks....	159,000	104,000	74,000
Coin and Bullion held..	28,500,000	28,500,000	28,500,000
Ratio to Notes.....	27.6%	23.4%	21%
Government Securities	54,620,563	88,157,692	104,877,743
Balance at Bank of England.....	20,535,864	7,005,590	5,119,122

The ratio of coin and bullion held to the notes outstanding has decreased from 27.6 per cent to 21 per cent. during the period mentioned. Currency notes have entirely replaced gold coin in circulation.

The publication of monthly statements by the clearing house banks has been discontinued, and it is therefore not possible to give much information as to their total resources, but the following figures published in the "Economist" were compiled from the statements of nineteen English banks as at 30th June:—

	1914	1915	1916
Deposits.....	£747,000,000	£943,000,000	£987,000,000
Investments.....	114,000,000	172,000,000	298,000,000

The figures show a large increase in deposits, but the banks have followed a very conservative course and, having large cash balances, are in a strong position.

Appended is a memorandum of the average money rates for the past four years, from which it will be observed that during this year the difference between the rates for call money and deposits has been in favour of the banks:—

	Bank Rate	Three Months' Bill Rate	Market Rate for Short Money	Bankers' Deposit Rate
1913.....	£4 15 5	£4 7 5	£3 15 10	£3 5 3
1914.....	4 0 9	2 17 8	2 4 3	2 0 4
1915.....	5 0 0	3 15 0	2 17 9	2 13 4
1916 (6 months ending June).....	5 0 0	5 2 6	4 6 0	3 10 0
1916 (5 months ending November).....	5 18 0	5 10 0	4 18 4	3 19 0

The following figures of the Bankers' Clearing House Returns for the period ending 29th November, 1916, show an increase over the corresponding period of 1915 of £1,500,000, or approximately thirteen per cent., and the total for the year will approach the average before the war:—

1913.....	£16,436,404,000
1914.....	14,665,048,000
1915.....	13,407,725,000
1916 to 29th November, 11 months.....	13,870,837,000

The changes in the stock exchange values of three hundred and eighty-seven representative securities, as shown by the following figures published in the "Bankers' Magazine," reveal a shrinkage of seventeen per cent. since July, 1914:—

December, 1913.....	£3,341,000,000
July, 1914.....	3,370,000,000
December, 1915.....	2,907,000,000
November, 1916.....	2,797,000,000

On 3rd July, 1916, such of the minimum prices as then remained were removed. Owing to the effective measures which were taken at the commencement of the war, a healthy situation has been created in the London Stock Exchange, which is now untrammelled by needless restrictions, and markets are free for sales or purchases of securities which have been in physical possession in the United Kingdom since 30th September, 1914. The tendency of prices has of course been downwards owing to government

requirements, but there has been no forced selling and the position remains sound generally and is one that may be regarded with considerable pride.

As all proposed issues must still be submitted for the approval of the Treasury, the amount of new loans placed in this market during the year, eliminating those made by the British, French and Russian Governments, has been exceedingly small, consisting mainly of renewals of short dated colonial borrowings and of new capital for industries directly connected with the manufacture of war supplies.

It is worthy of mention that Canada, which up to the beginning of the war had been a heavy borrower in this market, has not made any public issue here during the year. On the contrary, through its government and the chartered banks, by means of loans and credits, it has financed supplies of food, munitions, and various necessities for the United Kingdom. Moreover, the investment demand in Canada has absorbed an appreciable amount of Canadian securities which had originally been placed in this market, thus further easing the situation here.

An inevitable result of the war is the higher cost of living, and the index numbers of the "Economist" show an increase of one hundred per cent. over the average for the years 1901-5 and sixty-four per cent. over the figures of the year immediately preceding the war:—

1901-5 (Average).....	2,200
1913 (Average).....	2,693
1914, end December.....	2,800
1915, end December.....	3,634
1916, end September.....	4,423

While similar conditions are in evidence in many other countries, the partial failure of the grain crops of North and South America, from which the United Kingdom is principally supplied, together with the high freight rates prevailing, has particularly affected the situation here, and as the home crop returns show only an average yield, there has been no

lessening of the quantities it is necessary to import. There has no doubt been considerable waste and extravagance here and efforts towards economy are not universally in evidence. The situation calls for careful consideration, as is indicated by a recent Order-in-Council establishing a Food Control Board, to regulate prices, prevent speculation in essential commodities, and effect an even and economical distribution of supplies. The necessity for this control is largely due to the increasing inroads on transport facilities made by the renewed activity of enemy submarines. It is hoped that the demands of the navy upon shipbuilding plants will tend to lessen and thus enable more attention to be given to the mercantile marine. The ships lost could then be rapidly replaced, as the total capacity of British shipyards is 2,000,000 gross tons per annum.

It is recognized that none of the belligerents will be able to recuperate rapidly unless successful in securing a satisfactory share of the world's trade after the war. The Allies are fully alive to the immediate necessity of making preparations to conserve their mutual interests in this connection, and an economic conference was held in Paris in June last to discuss the question and formulate plans for excluding the trade of the enemy countries. A further step in this direction was the formation recently, with the approval and support of the British Government, of the British-Italian Corporation, with the object of promoting closer trade relations with Italy. The capital has been subscribed principally by a few of the banks here, and as it is anticipated that trade between Canada and Italy will develop, our Bank has subscribed for shares in the company. The formation of a somewhat similar institution to foster trade with Russia has also been under discussion.

A committee was appointed by the Board of Trade to consider the financial needs of British firms after the war, particularly with reference to large overseas contracts. Their principal suggestions were that a bank to be called

the British Trade Bank should be constituted by royal charter with a capital of £10,000,000; that the bank should not accept deposits at call or short notice, but merely open current accounts to facilitate overseas transactions, and that it should maintain a foreign exchange department and issue commercial credits.

With the end of the war not in sight, it would be idle to attempt to forecast developments in the financial situation, but the extent of the country's resources and its financial strength have been so clearly demonstrated by what has already been accomplished, that there is no lack of confidence in the ability of Great Britain to carry its share of the financial burden of the war until such time as victory is assured to the Allies.



DIAGRAMS AND STATISTICS
ILLUSTRATIVE OF THE TRADE AND NATURAL
RESOURCES OF CANADA

REPRINTED FROM THE
MONTHLY COMMERCIAL LETTERS

ISSUED BY THE BANK

THE CANADIAN BANK OF COMMERCE

GOVERNMENT REVENUE AND EXPENDITURE

	Month of November		8 months ending November	
REVENUE	1916	1915	1916	1915
Customs.....	\$11,208,109	\$9,101,595	\$86,399,360	\$60,155,959
Excise.....	2,145,574	2,127,125	16,130,867	14,161,880
Post Office...	1,600,000	1,550,000	11,950,000	10,949,780
Public Works..	2,560,881	2,880,409	17,661,569	13,104,300
Miscellaneous..	5,650,201	1,413,327	12,770,777	6,384,386
	<u>\$23,164,765</u>	<u>\$17,072,456</u>	<u>\$144,912,573</u>	<u>\$104,756,305</u>
EXPENDITURE....	12,006,457	8,997,899	69,567,573	65,345,503
CAPITAL EXPENDITURE				
War.....	19,040,384	13,155,797	146,527,531	66,514,955
Public Works..	2,457,552	4,306,180	15,997,789	23,993,023
Rail Subsidies..	.....	.....	363,478	967,911
	<u>\$21,497,936</u>	<u>\$17,461,977</u>	<u>\$162,888,798</u>	<u>\$91,475,889</u>
	30th November, 1916	31st October, 1916	30th November, 1915	
NET DEBT.	\$706,128,082	\$695,778,516	\$501,668,167	

THE BANK STATEMENT

	30th Nov., 1916	31st Oct., 1916	30th Nov., 1915
ASSETS			
Cash and Bank Balances	\$347,745,789	\$335,801,448	\$316,238,037
Bank Balances Abroad.	75,692,582	100,750,945	87,172,977
Call and Short Loans..	272,645,759	279,758,239	218,734,349
Securities.....	260,411,972	270,140,096	121,953,898
Loans in Canada.....	856,361,134	833,914,669	833,859,539
Loans Abroad.....	76,087,370	79,459,621	53,240,955
Other Assets.....	68,566,715	69,115,100	70,994,470
	<u>\$1,957,511,321</u>	<u>\$1,968,940,118</u>	<u>\$1,702,194,225</u>
LIABILITIES			
Note Circulation.....	\$148,197,971	\$145,031,667	\$124,153,685
Deposits			
Government.....	63,271,032	62,043,201	36,001,548
Public in Canada....	1,295,870,723	1,303,527,638	1,120,954,457
Foreign.....	162,207,247	166,200,928	132,029,108
Bank Balances			
Canadian.....	8,955,789	9,886,295	15,444,932
Foreign.....	18,751,031	17,059,813	15,528,140
Bills Payable and Accep- tances.....	14,700,726	14,425,668	14,824,113
Other Liabilities.....	4,260,333	4,523,714	4,264,864
Capital and Rest.....	226,598,262	226,053,811	226,705,748
	<u>\$1,942,813,114</u>	<u>\$1,948,752,735</u>	<u>\$1,689,906,595</u>

THE CANADIAN BANK OF COMMERCE

FOREIGN TRADE

IMPORTS	Month of November		Twelve months ending November	
	1916	1915	1916	1915
Merchandise.	\$72,690,791	\$45,217,559	\$744,403,345	\$435,249,966
*Coin and Bullion	1,411,478	4,705,933	46,170,398	12,908,570
Total Imports	<u>\$74,102,269</u>	<u>\$49,923,492</u>	<u>\$790,573,743</u>	<u>\$448,158,536</u>
EXPORTS				
Can. Produce	\$109,558,950	\$92,931,916	\$1,053,840,631	\$559,152,052
Foreign "	2,243,423	1,504,177	19,664,969	39,589,854
Total Mdse..	<u>\$111,802,373</u>	<u>\$94,436,093</u>	<u>\$1,073,505,600</u>	<u>\$598,741,906</u>
Coin and Bullion	161,709	9,865,896	196,422,615	128,316,291
Total Exports	<u>\$111,964,082</u>	<u>\$104,301,989</u>	<u>\$1,269,928,215</u>	<u>\$727,058,197</u>

* The imports and exports of coin and bullion are exceptional owing to special transactions between the Imperial and Canadian Governments, and, therefore, are not to be taken as an indication of the trade of Canada.

GRAIN IN TERMINAL AND PUBLIC ELEVATORS

	Wheat Bushels	Other Grain Bushels	Total Bushels
Dec. 22, 1916	22,380,960	21,027,038	43,407,998
" 24, 1915	23,870,216	14,196,023	37,066,239
" 23, 1914	14,593,208	8,594,400	23,187,608

GROSS RAILWAY EARNINGS

(Twelve months ending December)

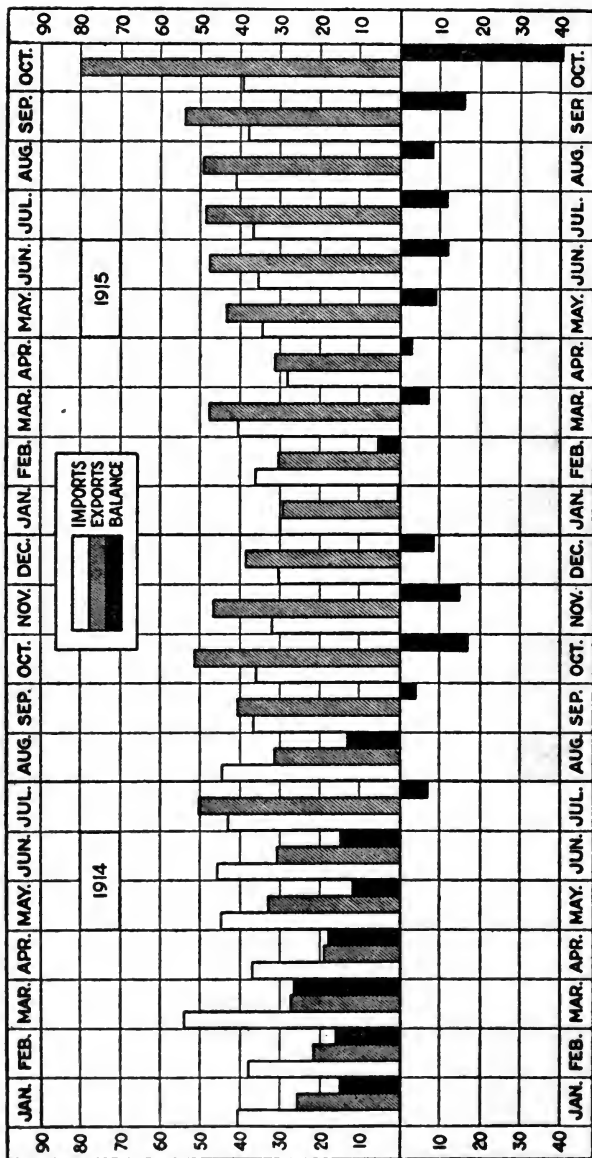
	1916	1915	1914
Canadian Pacific.....	\$136,500,000	\$105,830,000	\$107,254,000
Canadian Northern....	37,665,400	27,839,600	*19,291,200
Grand Trunk.....	60,251,630	50,549,262	51,483,896
	<u>\$234,417,030</u>	<u>\$183,218,862</u>	<u>\$178,029,096</u>

*For the Canadian Northern Railway only. In the years 1916 and 1915 the figures cover the gross of the Canadian Northern System

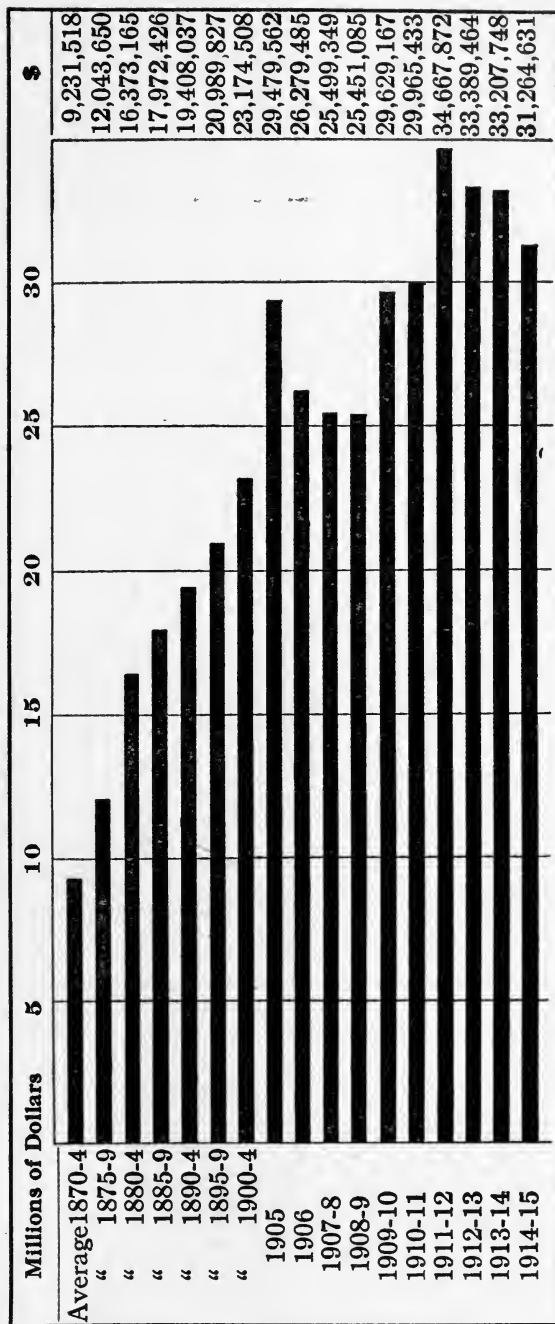
TRADE OF CANADA

(January 1st, 1914, to October 31st, 1915)

From the Monthly Returns of the Department of Trade and Commerce.

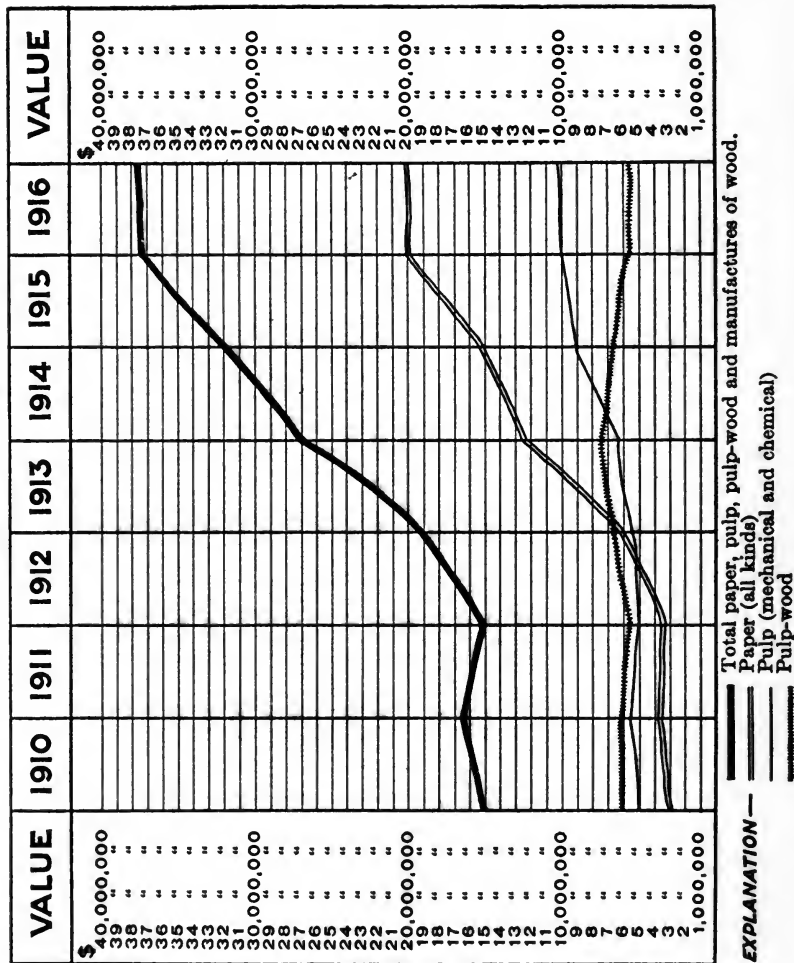


TOTAL VALUE OF THE FISHERIES OF CANADA In the fiscal years, 1870-1915



EXPORTS OF PAPER AND WOOD PRODUCTS FROM CANADA

(Compiled by The Canadian Bank of Commerce)



1142-2291

